



VISION

A prosperous, sustainable and community-oriented city

MERA FONG CITY LOCAL MUNICIPALITY

MEDIUM TERM BUDGET 2014/2015 TO 2016/2017

MISSION

**To provide quality services to our community through
accountable governance**

ITEM: MEDIUM TERM BUDGET 2014/2015 TO 2016/2017

Table of Contents

PART 1 – ANNUAL BUDGET

1.1	PURPOSE	6
1.2	EXECUTIVE SUMMARY	7
1.3	OPERATING REVENUE FRAMEWORK	10
1.4	OPERATING EXPENDITURE FRAMEWORK	22
1.5	CAPITAL EXPENDITURE	27
1.6	ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	28

PART 2 – SUPPORTING DOCUMENTATION

2.1	OVERVIEW OF THE ANNUAL BUDGET PROCESS	48
2.2	OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	49
2.3	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	54
2.4	OVERVIEW OF BUDGET RELATED-POLICIES	58
2.5	OVERVIEW OF BUDGET ASSUMPTIONS	61
2.6	OVERVIEW OF BUDGET FUNDING	63
2.7	EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	76
2.8	COUNCILLOR AND EMPLOYEE BENEFITS	78
2.9	MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	80
2.10	CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	87
2.11	CAPITAL EXPENDITURE DETAILS	87
2.12	LEGISLATION COMPLIANCE STATUS	92
2.13	OTHER SUPPORTING DOCUMENTS	93
2.14	RESOLUTIONS	97
2.15	MUNICIPAL MANAGER'S QUALITY CERTIFICATE	107

List of Tables

Table 1 Consolidated Overview of the 2014/15 MTREF	9
Table 2 Summary of revenue classified by main revenue source	11
Table 3 Percentage growth in revenue by main revenue source	11
Table 4 Operating Transfers and Grant Receipts	13
Table 5 Comparison of proposed rates to levied for the 2014/15 financial year	14
Table 6 Comparison between current electricity charges and increases	15
Table 7 Comparison between current water charges and increases	17
Table 8 Comparison between current sanitation charges and increases	19
Table 9 Comparison between current waste removal fees and increases	20
Table 10 MBRR Table SA14 – Household bills	22
Table 11 Summary of operating expenditure by standard classification item	23
Table 12 Repairs and maintenance per asset class	26
Table 13 2014/15 Medium-term capital budget per vote	27
Table 14 Capital Transfers and Receipts	27
Table 15 MBRR Table A1 - Budget Summary	29
Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)	31
Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	33
Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	35
Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	38
Table 20 MBRR Table A6 - Budgeted Financial Position	40
Table 21 MBRR Table A7 - Budgeted Cash Flow Statement	42
Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	42
Table 23 MBRR Table A9 - Asset Management	44
Table 24 MBRR Table A10 - Basic Service Delivery Measurement	46
Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	53

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure	53
Table 27 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure	53
Table 28 MBRR Table SA8 - Performance indicators and benchmarks	56
Table 29 Breakdown of the operating revenue over the medium-term	63
Table 30 Proposed tariff increases over the medium-term	659
Table 31 MBRR SA15 – Detail Investment Information	66
Table 32 MBRR SA16 – Investment particulars by maturity	66
Table 33 Sources of capital revenue over the MTREF	67
Table 34 MBRR Table SA 17 - Detail of borrowings	68
Table 35 MBRR Table SA 18 - Capital transfers and grant receipts	69
Table 36 MBRR Table A7 - Budget cash flow statement	70
Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	71
Table 38 MBRR SA10 – Funding compliance measurement	72
Table 39 MBRR SA19 - Expenditure on transfers and grant programmes	76
Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	77
Table 41 MBRR SA22 - Summary of councillor and staff benefits	78
Table 42 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	79
Table 43 MBRR SA24 – Summary of personnel numbers	80
Table 44 MBRR SA25 - Budgeted monthly revenue and expenditure	81
Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)	82
Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)	83
Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	84
Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	85
Table 49 MBRR SA30 - Budgeted monthly cash flow	86
Table 50 MBRR SA 34a - Capital expenditure on new assets by asset class	88

Table 51 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class	89
Table 52 MBRR SA34c - Repairs and maintenance expenditure by asset class	90
Table 53 MBRR SA36 - Detailed capital budget per municipal vote	91
Table 54 MBRR Table SA1 - Supporting detail to budgeted financial performance	93
Table 55 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)	94
Table 56 MBRR Table SA3 – Supporting detail to Statement of Financial Position	95

List of Figures

Figure 1 Main operational expenditure categories for the 2014/15 financial year	25
Figure 2 Capital Infrastructure Programme	28
Figure 3 Expenditure by major type	36
Figure 4 Planning, budgeting and reporting cycle	54
Figure 5 Definition of performance information concepts	55
Figure 6 Breakdown of operating revenue over the 2014/15 MTREF	63
Figure 7 Sources of capital revenue for the 2014/15 financial year	67
Figure 8 Growth in outstanding borrowing (long-term liabilities)	68
Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds	72

1.1 Purpose

The purpose of this document is to table the 2014/15 to 2016/2017 Medium Term Budget and budget related policies for approval.

The Budget has been compiled within the framework of the MFMA, Circulars No 70, 71 and 72 of the National Treasury and the New Municipal Budget Regulations.

Circulars No 70, 71 and 72 provides instructions, guidance and information on crucial issues that municipalities need to consider when preparing their budgets. These issues include the local response to the global economic crisis, headline inflation forecasts, revision of rates, tariffs and other charges, transfers to municipalities, budget process and submissions, and the Municipal Budget and Reporting Regulations.

On 23 January 2009 the Minister of Finance gazetted new Municipal Budgeting and Reporting Regulations. The Merafong City Local Municipality is required to fully comply with the regulations as from 01 July 2010, that is, full compliance when the final budget is tabled in May 2014. For the budget, it is expected that the Municipality complies as far as possible.

PART 1 - ANNUAL BUDGET

1.2 Executive Summary

The application of sound financial management principles for the compilation of the Councils financial plan is essential and critical to ensure that the Council remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Councils business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong experience large changes in their equitable share allocations. To smooth the impact of these changes and give Council time to adjust the new allocations it will be phased in over five years.

This negatively affects council's ability to render services and reduce backlogs. Programs planned for the outer years had to be cut back and reprioritised.

Council has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Council has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 71 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- The reduction in the allocation from the Division of Revenue Act in terms of equitable share and the Municipal Infrastructure Grant.
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2014/15 MTREF process; and
- Availability of affordable capital/borrowing.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
-

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- Producing a Balanced Budget – ensuring that the expenditure is aligned to the revenue and that the Council has sufficient cash to meet its debt obligations.
- Sustainability – ensure that the capital investment is within the financial capacity of Council and ensure that there is continuous investment on the infrastructure maintenance and replacement in a medium to long term period.
- Budget needs to respond to basics service delivery.
- Stabilise the balance sheet – creating cash reserves to support and improve the current ratio and future capital investment capacity.
- Stabilisation and protection of the revenue base.
- Need to produce savings to facilitate the implementation of new programmes.
- On-going costs should be funded with on-going revenues – aligning continuing expenditures with continuing revenues, on a level that can be reasonably sustained and reduce reliance on onetime funding.
- Review all Council services and programs for operational efficiencies to improve service levels and delivery / managing the cost down.
- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- With the reduction in the equitable share and the guideline approval of electricity tariffs General Expenses will have to be curtailed.
- An upper limit must be set for the following items and allocations. They must be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Entertainment,
 - Travel and Subsistence,
 - Attendance of Conferences,
 - Catering at meetings,
 - Telephones costs.
 - The management of the fleet and usage of vehicles.
 - The management of safety clothes.
 - Furniture and Equipment
 - Computer equipment.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2014/2015 MTREF

R thousand	Adjustment Budget 2013/14	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Total Operating Revenue	1 219 494	1.170.174	1.229.880	1.292.091
Total Operating Expenditure	1 324 325	1.246.494	1.306.200	1.368.411
(Surplus) / Deficit for the Year	104 831	76 320	76 320	76 320
Total Capital Expenditure	293 007	294 679	156.061	117 523

Total operating revenue has decreased by 4.04 per cent or R49.320 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by R59.706 and R62.211 Million respectively, equating to a total increase in revenue of R72.597 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R1.246 million and translates into a budgeted deficit of R76.32 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has decreased by 5.88 per cent in the 2014/15 budget and increase by R59.706 Million R62.211 Million for each of the respective outer years of the MTREF. The operating deficit for the two outer years will remains stable. These deficits are as of a result of depreciation costs on fair value adjustments on infrastructure assets. These deficits are funded from the accumulated surplus of R2.3 billion.

The capital budget of 294.7 Million for 2014/15 is 0.005 per cent more when compared to the 2013/14 Adjustment Budget. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings of R55.9 Million in 2014/2015 and R35 Million in the 2015/2016 and R20 Million for the 2016/2017 financial years. Note that the Council has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term.

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong will experience large changes in their equitable share allocations. To smooth the impact of these changes and give Council time to adjust the new allocations it will be phased in over five years.

Municipal Infrastructure Grant will decrease over the next three years.

This will negatively affect council's ability to render services and reduce backlogs. Programs planned for the outer years had to be cut back and reprioritised.

In addition in 2013/2014 DORA an amount of R25 Million was allocated in the 2014/2015 financial year for the Integrated National Electrification Programme. As can be seen from the above it was reduced to R6 000 000.

1.3 Operating Revenue Framework

For Merafong City to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

Expenditure has been trimmed in areas that will not adversely affect service delivery, or where programmes are underperforming.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Council and continued economic development;
- Efficient revenue management, which aims to ensure a 87.5 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Council.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of Revenue classified by main source

GT484 Merafong City - Table A4 Budgeted Financial Performance (revenue and expenditure)							2014/15 Medium Term Revenue & Expenditure Framework		
Description	2010/11	2011/12	2012/13	Current Year 2013/14			Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
Revenue By Source									
Property rates	78.933	85.957	261.097	287.289	275.451	275.451	293.356	313.891	335.863
Property rates - penalties & collection charges	3.221	1.574	1.780	2.072	2.163	2.163	2.293	2.430	2.576
Service charges - electricity revenue	158.090	182.143	208.006	234.643	224.442	224.442	238.920	255.645	273.540
Service charges - water revenue	199.372	199.514	206.733	225.276	213.082	213.082	258.285	276.365	295.711
Service charges - sanitation revenue	19.696	20.298	22.798	31.384	33.102	33.102	36.398	38.582	40.897
Service charges - refuse revenue	25.064	33.894	34.442	37.077	38.465	38.465	50.225	53.239	56.433
Service charges - other	727	588	603	661	602	602	639	677	718
Rental of facilities and equipment	824	964	1.164	909	992	992	1.051	1.114	1.181
Interest earned - external investments	15.178	14.890	17.089	16.942	17.544	17.544	17.959	19.036	20.178
Interest earned - outstanding debtors	12.010	17.008	24.184	20.519	25.442	25.442	29.895	31.688	33.590
Dividends received	-	-	-	-	-	-	-	-	-
Fines	1.516	4.499	4.245	6.023	3.295	3.295	3.493	3.703	3.925
Licences and permits	9.823	8.865	11.289	35.836	34.027	34.027	37.987	40.266	42.682
Agency services	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	209.636	187.237	331.939	332.130	339.002	339.002	187.077	179.891	170.644
Other revenue	8.664	6.496	9.095	9.268	11.504	11.504	12.194	12.926	13.701
Gains on disposal of PPE	-	-	-	3.000	381	381	403	428	453
Total Revenue (excluding capital transfers and contributions)	742.754	763.927	1.134.464	1.243.030	1.219.494	1.219.494	1.170.174	1.229.880	1.292.091

Table 3 Percentage growth in revenue by main revenue source

GT484 Merafong City - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description			2014/15 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Revenue By Source								
Property rates	275.451	5%	293.356	6%	313.891	7%	335.863	7%
Property rates - penalties & collection charges	2.163	22%	2.293	6%	2.430	6%	2.576	6%
Service charges - electricity revenue	224.442	8%	238.920	6%	255.645	7%	273.540	7%
Service charges - water revenue	213.082	3%	258.285	21%	276.365	7%	295.711	7%
Service charges - sanitation revenue	33.102	45%	36.398	10%	38.582	6%	40.897	6%
Service charges - refuse revenue	38.465	12%	50.225	31%	53.239	6%	56.433	6%
Service charges - other	602	0%	639	6%	677	6%	718	6%
Rental of facilities and equipment	992	-15%	1.051	6%	1.114	6%	1.181	6%
Interest earned - external investments	17.544	3%	17.959	2%	19.036	6%	20.178	6%
Interest earned - outstanding debtors	25.442	5%	29.895	18%	31.688	6%	33.590	6%
Dividends received	–							
Fines	3.295	-22%	3.493	6%	3.703	6%	3.925	6%
Licences and permits	34.027	201%	37.987	12%	40.266	6%	42.682	6%
Agency services	–							
Transfers recognised - operational	339.002	2%	187.077	-45%	179.891	-4%	170.644	-5%
Other revenue	11.504	26%	12.194	6%	12.926	6%	13.701	6%
Gains on disposal of PPE	381		403		428		453	
Total Revenue (excluding capital transfers and contributions)	1.219.494	7%	1.170.174	-4%	1.229.880	5%	1.292.091	5%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 75 percent of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R879 Million or 75 per cent. This increases to 940 Million and R1 003 Million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 75 per cent in 2014/15 to 78 per cent in 2015/17. This growth can be mainly attributed to the increased share that the sale of electricity and Water contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom and Rand Water tariffs for bulk electricity and Water. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 54 MBRR SA1 (see page 93).

Property rates are the second largest revenue source totalling 22.59 per cent or R293 Million and increases to R335 Million by 2016/17.

The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R187 million in the 2014/15 financial year and decreases to R170 Million by 2016/17.

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong will experience large changes in their equitable share allocations. To smooth the impact of these changes and give Council time to adjust the new allocations it will be phased in over five years.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

GT484 Merafong City - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		149.007	169.754	189.696	185.034	186.834	186.834	180.467	170.512	160.897
Local Government Equitable Share		147.257	167.954	185.846	181.074	181.074	181.074	175.979	167.895	158.179
Finance Management		1.000	1.000	1.500	1.550	1.550	1.550	1.600	1.650	1.700
Municipal Systems Improvement		750	800	588	890	890	890	934	967	1.018
EPWP Incentive				1.762	1.520	3.320	3.320	1.954		
Other transfers/grants (insert description)										
Provincial Government:		60.322	17.533	240.815	150.002	150.002	150.002	6.610	9.379	9.747
Housing		53.822	17.533	240.815	145.227	145.227	145.227			
Department of Sports, arts, culture and Recreation		6.500			4.025	4.025	4.025	5.331	8.100	8.400
Agricultural and Rural Development					750	750	750	1.279	1.279	1.347
District Municipality:		-	100	3.086	-	-	-	-	-	-
HIV Programme			100	3.086						
Other grant providers:		-	-	-	-	-	-	-	-	-
(insert description)										
Total Operating Transfers and Grants	5	209.329	187.387	433.597	335.036	336.836	336.836	187.077	179.891	170.644

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the City has undertaken the tariff setting process relating to service charges as follows.

1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

- For all residential properties, as defined per the Rates Policy, the first R 65 000 of property value will be rebated by an amount equal to the rates payable on a property of R 65 000 in value.
- All residential properties, as defined per the Rates Policy, will be levied a rate which is rebated by 10%.
- Senior Citizens and Disabled Persons Rate Rebate

Registered owners of properties who are senior citizens and/or registered owners of properties who are disabled persons qualify for special rebates according to gross monthly household income. To qualify for the rebate(s) a property owner must be a natural person and the owner of a property which satisfies the requirements for the residential rebate and must on the 1 July of the financial year:

- occupy the property as his/her normal residence and
- be at least 60 years of age or in receipt of a disability pension from the Department of Social Development and
- be in receipt of a total monthly income from all sources (including income of spouses of owners)
- not be the owner of more than one property and
- submit the application by 30 September for this rebate for the current financial year, failing which the rebate will not be granted.

The percentage rebate granted to different monthly household income levels will be determined according to the schedule below.

The proposed incomes and rebates for the 2014 / 2015 financial year as follows:

Gross Annual Household Income 2014/2015	% Rebate
R 1 To R 72 000	100%
R 72 001 to R 76 000	75%
R 76 001 to R 80 000	50%
R 80 001 to R 84 000	25%
R 84 001 and above	0%

Table 5 Comparison of proposed rates to be levied for the 2014/15 financial year

Category	Current Tariff 2013/2014	Percentage Increase	Proposed Tariff 2014/2015
Residential	0.010650	6.50%	0.011342
Industrial	0.025560	6.50%	0.027221
Business and Commercial	0.025560	6.50%	0.027221
Farms - Agriculture	0.002663	6.50%	0.002836
Mines	0.031950	6.50%	0.034027
PSI	0.025560	6.50%	0.027221

1.3.2 Sale of Electricity and Impact of Tariff Increases

NERSA had issued a guideline tariff increase and provide for an **8.06 per cent** increase in the cost of bulk purchases for the tabled 2014/15 budgets and MTREF.

Municipalities are advised to structure their 2014/15 electricity tariffs based on the approved **7.39 per cent**.

Considering the Eskom increases, the consumer tariff had to be increased by 7.21 per cent to offset the additional bulk purchase cost from 1 July 2014. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

Table 6 Comparison between current Electricity charges and increases.

Proposed Tariff Structure - Merafong City Local Municipality				
Tariff Category		2013/2014	Proposed 2014/2015	% change
1. Domestic				
Basic Charge		52.09	56.26	8.00%

Energy Charge	Block 1 (0 - 50kWh)	0.70	0.74	5.71%
	Block 2 (51 - 350kWh)	0.85	0.91	7.45%
	Block 3 (351 - 600kWh)	1.17	1.26	7.69%
	Block 4 (above 600kWh)	1.38	1.48	7.25%
2. Commercial				
Basic Charge		598.36	642.58	7.39%
Energy Charge		1.11	1.20	8.00%
*Pre-Paid		1.11	1.20	8.00%
3. Industrial				
Basic Charge		857.84	921.23	7.39%
Energy Charge		0.62	0.67	8.00%
Demand Charge		171.55	185.27	8.00%
3. Industrial -3%				
Basic Charge		857.84	921.23	7.39%
Energy Charge - 3 %		0.62	0.67	8.00%
Demand Charge - 3%		171.55	184.23	7.39%
Temporary Power		1.20	1.30	8.00%
Streetlights		0.91	0.98	8.00%
Council kWh		0.59	0.64	8.00%
2% Surcharge				

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The Council had already implemented block tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. The upgrading and extension of the municipalities' electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2014/15 medium-term capital programme, funding has been allocated to electricity infrastructure.

1.3.3 Sale of Water and Impact of Tariff Increases

Rand Water had advised council that they will increase their water tariffs to municipalities by 8.1% from the 1 July 2014.

Water tariffs must be on aggregate fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;

Water tariffs must be structured to protect basic levels of service; and
Water tariffs must be designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

Merafong had implemented block tariffs in the past.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 7 Comparison between current Water charges and increases

		<u>2013-2014</u>	<u>2014-2015</u>	<u>Percentage increase</u>
Residential 0 – 15 kilo liters		7.45	8.00	7.38%
Residential 16-35 kilo liters		10.06	10.90	8.36%
Residential 36-50 kilo liters		14.48	15.80	9.15%
Residential 50 kilo liters and above		16.49	18.00	9.13%

Business and Industrial	200 Kilo liters and below	16.32	17.65	8.18%
	Above 200 Kilo liters	17.32	19.00	9.70%
Special Consumers (Schools, Churches and welfare organisations)	200 Kilo liters and below	12.33	13.35	8.29%
	Above 200 Kilo liters	13.71	15.00	9.44%
Departmental		10.72	11.77	9.82%
Mines Domestic		10.72	11.59	8.10%
Mines Operations		10.72	11.59	8.10%
Availability Charge	Vacant Stands - Residential	40.00	45.00	12.50%
Availability Charge	Vacant stands- business	20.00	45.00	125.00%

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R16.49 per kilo liter for consumption in excess of 50kl per 30 day period.

1.3.4 Sanitation and Impact of Tariff Increases

The proposed increase is not in-line with the guideline of 6% as the function is not cost reflective in 2013/2014.

Sanitation tariffs must be on aggregate fully cost-reflective – inclusive of the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;

Sanitation tariffs must be structured to protect basic levels of service; and Sanitation tariffs must be designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

Merafong had implemented block tariffs in the past.

The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (6 kℓ water) will be applicable to registered indigents.

Table 8 Comparison between current Sanitation charges and increases

		<u>2013/2014</u>	<u>Proposed 2014/2015</u>	<u>% Increase</u>
Residential 0 – 15 kiloliters		3.80	4.05	7.04%
Residential 16-35 kiloliters		3.85	4.10	6.94%
Residential 36-50 kiloliters		3.90	4.15	6.85%
Max 50KL				
Business and Industrial	200 Kiloliters and below	3.90	4.15	6.85%
	Above 200 Kiloliters	4.30	4.60	6.97%
Special Consumers (Schools, Churches Welfare organisations and consumers as approved by council)	200 Kiloliters and below	3.80	4.05	7.04%
	Above 200 Kiloliters	3.90	4.15	6.85%

Basic Charge (Payable by property owner)		21.50	23.00	7.50%
Basic Charge - Vacant Stands (Availability charge)		47.75	51.00	6.11%

1.3.5 Waste Removal and impact of Tariff Increases

It's of utmost importance that refuse removal must be cost reflective. Solid waste is not cost reflective for 2013/2014.

Where this is the case, municipalities should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015.

A further aspect that has a serious influence on solid waste tariffs is the increase in fuel prices.

The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

A 33.33 per cent increase in the waste removal tariff is proposed from 1 July 2014.

The following table compares current waste removal fees and increases

Table 9 Comparison between current waste removal fees and increases

		<u>Proposed 2013/2014</u>	<u>Proposed 2014/2015</u>	<u>% Increase</u>
Residential and Business	1 bin/week	90.00	120.00	33.33%
Business	Bin/3 x week	270.00	310.00	14.81%
Business	Bin/5 x week	450.00	520.00	15.56%
MMH (1.75M³) 1x per week		1348.00	1500.00	11.28%
MMH (1.75M³) 2x per week		2385.00	2600.00	9.01%

MMH (1.75M ³) 3x per week		3406.00	3700.00	8.63%
MMH (1.75M ³) 5x per week		6132.00	6700.00	9.26%
Bulk container (30M ³) 1x per week		19568.00	21200.00	8.34%
Bulk container (30M ³) 2x per week		29880.00	32300.00	8.10%
Bulk container (30M ³) 3x per week		53900.00	58300.00	8.16%
Bulk container (30M ³) 5x per week		87881.00	95000.00	8.10%
Temporary service	Per Bin	48.00	55.00	14.58%
Bulky waste	Per m ³	240.00	260.00	8.33%
Special Exemption	Per m ³	120.00	130.00	8.33%
Garden services waste	LDV/Trailer	30.00	35.00	16.67%
Small Animal Carcasses		90.00	100.00	11.11%
Bulky garden waste	1m ³ - 3m ³	228.00	250.00	9.65%
Bulky garden waste	3m ³ and above	456.00	500.00	9.65%
Building rubble	per m ³	240.00	260.00	8.33%
240 Liter Bins	Per Month for twelve months	20.00	20.00	0.00%

1.3.6 Overall impact of Tariff increases on Households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 9 and 10 per cent.

Table 10 MBRR Table SA14 – Household bills

GT484 Merafong City - Supporting Table SA14 Household bills

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		582.70	617.68	476.25	507.21	507.21	507.21	6.5%	540.17	577.98	618.44
Electricity: Basic levy		43.44	43.44	48.23	52.09	52.09	52.09	8.0%	56.25	60.19	64.40
Electricity: Consumption		751.50	938.15	1,041.85	1,133.57	1,133.57	1,133.57	7.4%	1,217.00	1,302.19	1,393.34
Water: Basic levy											
Water: Consumption		195.30	211.50	239.15	262.63	262.63	262.63	7.9%	283.50	303.35	324.58
Sanitation		94.80	100.50	128.00	136.25	136.25	136.25	6.6%	145.25	153.97	163.20
Refuse removal		69.10	75.00	82.50	90.00	90.00	90.00	33.3%	120.00	127.20	134.83
Other											
sub-total		1,736.84	1,986.27	2,015.98	2,181.75	2,181.75	2,181.75	8.3%	2,362.17	2,524.87	2,698.80
VAT on Services		161.58	179.28	201.50	220.93	220.93	220.93		255.08	272.56	291.25
Total large household bill:		1,898.41	2,165.56	2,217.47	2,402.68	2,402.68	2,402.68	8.9%	2,617.25	2,797.43	2,990.05
% increase/decrease			14.1%	2.4%	8.4%	-	-	8.9%		6.9%	6.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		412.57	437.34	326.25	347.46	347.46	347.46	6.5%	370.04	395.94	423.66
Electricity: Basic levy		43.44	43.44	48.23	52.09	52.09	52.09	8.0%	56.25	60.19	64.40
Electricity: Consumption		373.00	434.65	478.04	464.57	464.57	464.57	7.4%	499.00	533.93	571.31
Water: Basic levy											
Water: Consumption		158.65	171.15	193.35	212.34	212.34	212.34	7.8%	229.00	245.03	262.18
Sanitation		78.90	83.75	109.75	117.00	117.00	117.00	6.6%	124.75	132.24	140.17
Refuse removal		69.10	75.00	82.50	90.00	90.00	90.00	33.3%	120.00	127.20	134.83
Other											
sub-total		1,135.66	1,245.33	1,238.13	1,283.46	1,283.46	1,283.46	9.0%	1,399.04	1,494.53	1,596.55
VAT on Services		101.23	104.79	113.16	131.04	131.04	131.04		144.06	153.80	164.20
Total small household bill:		1,236.89	1,350.12	1,351.29	1,414.50	1,414.50	1,414.50	9.1%	1,543.10	1,648.33	1,760.75
% increase/decrease			9.2%	0.1%	4.7%	-	-	9.1%		6.8%	6.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		242.44	256.99	176.25	187.71	187.71	187.71	6.5%	199.91	213.90	228.87
Electricity: Basic levy		43.44	43.44	48.23	52.09	52.09	52.09	8.0%	56.25	60.19	64.40
Electricity: Consumption		187.50	209.15	227.02	289.07	289.07	289.07	7.2%	310.00	331.70	354.92
Water: Basic levy											
Water: Consumption		79.66	84.42	94.97	162.04	162.04	162.04	7.7%	174.50	186.72	199.79
Sanitation		63.20	67.00	91.50	97.75	97.75	97.75	6.6%	104.25	110.51	117.14
Refuse removal		69.10	75.00	82.50	90.00	90.00	90.00	33.3%	120.00	127.20	134.83
Other											
sub-total		685.34	736.00	720.48	878.66	878.66	878.66	9.8%	964.91	1,030.21	1,099.95
VAT on Services		62.01	67.06	76.19	96.73	96.73	96.73		107.10	114.28	121.95
Total small household bill:		747.34	803.07	796.67	975.40	975.40	975.40	9.9%	1,072.01	1,144.49	1,221.90
% increase/decrease			7.5%	(0.8%)	22.4%	-	-	9.9%		6.8%	6.8%

1.4 Operating Expenditure Framework

For Merafong City to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

Expenditure has been trimmed in areas that will not adversely affect service delivery, or where programmes are underperforming.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

GT484 Merafong City - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Expenditure By Type</u>										
Employee related costs	2	211.537	243.238	259.848	333.879	306.581	306.581	345.157	365.867	387.819
Remuneration of councillors		13.779	15.332	16.619	17.269	17.946	17.946	19.023	20.165	21.374
Debt impairment	3	75.538	49.372	188.606	95.399	76.022	76.022	104.841	105.278	105.119
Depreciation & asset impairment	2	82.142	95.096	102.666	107.100	107.100	107.100	109.947	112.146	114.389
Finance charges		8.568	8.590	6.993	15.796	8.657	8.657	10.008	14.208	17.909
Bulk purchases	2	227.648	267.097	284.452	329.535	324.268	324.268	350.469	375.090	401.478
Other materials	8									
Contracted services		36.344	51.289	64.748	72.401	100.726	100.726	104.755	106.850	108.987
Transfers and grants		-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	175.495	132.602	235.815	594.568	627.076	627.076	202.294	206.596	211.336
Loss on disposal of PPE			3.093	1.494						
Total Expenditure		831.051	865.709	1.161.240	1.565.948	1.568.377	1.568.377	1.246.494	1.306.200	1.368.411

The budgeted allocation for employee related costs for the 2014/15 financial year totals R345 million, which equals 27.84 per cent of the total operating expenditure.

Based on the the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 which provides for a wage increase based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 per cent for 2014/15 financial year (with effect of 1 July 2014), salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2014/15 financial year.

The realignment and development of a new structure will have an impact on the budget. This will only be taken into account during the adjustment budget.

Additional funding was made available to fund additional vacancies in 2012/2013.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

The provision of debt impairment was determined based on an annual collection rate of 87.5 per cent and the Debt Write-off Policy of the City. For the 2014/15 financial year this amount equates to R104.8 million.

The large tariff increases, and the change of the local economic conditions such as the down turn in the property market, trends in household incomes and unemployment were counterproductive, resulting in higher levels of non-payment and increased bad debts.

Council's average payment levels for the past six months were 78%. Council budgeted for a payment level of 87.50% for the financial year.

The department had commenced with an outreach program to promote the payment of services. Council had commenced with serious credit control actions in all areas of Merafong. This was communicated to the community and ward committees during the budget consultation program.

A revenue enhancement strategy was developed and the roll out plan has commenced. A no tolerance approach in terms of council's credit control policy will be enforced on non-indigent defaulters.

Council will have to consider establish an in house debt collection section. Where normal credit control actions are not effective council will have to make use of alternative mechanisms to collect its debt. Defaulters of assessment rates by property owners and farmers must be addressed.

Council had commenced with the procurement process to procure pre-paid water meters. It's critical that the project be rolled out in 2014/2015.

The biggest concern is the non - payment by Blyvooruitzicht mine of their water account.

While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R109 million for the 2014/15 financial year. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.6 per cent (R8.6 million) of operating expenditure excluding annual redemption for 2014/15 and increases to R9.7 million by 2016/17. As previously noted, the municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing.

The Eskom price increase of bulk electricity supplied to municipalities will increase by 8.06 per cent on 1 July 2014. NERSA approved an annual 8.06 per cent increase in the bulk price of electricity in terms of the third multi-year price determination application applicable for the period 2013/14 to 2017/18.

Municipalities are urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective to ensure continued financial sustainability.

Rand Water had advised council that they will increase their water tariffs to municipalities by 8.1% from the 1 July 2014.

A water loss management strategy is approved and must be implemented during the 2014/2015 financial year. Water used by council own properties are levied and do not form part of unaccounted for water.

Water losses are out of control and needs to be addressed.

The biggest aspect of Contracted services will be the roll out of the newly appointed fleet management company. It's a fact that in the past years the management of the vehicles was not effective. Council cannot continue that fleet vehicles are abused and not controlled. A

further aspect will be the issuing of the new vehicles. A proper needs analysis will have to be performed before any new vehicles can be issued.

With the reduction in the equitable share and the guideline approval of electricity tariffs General Expenses will have to be curtailed.

This includes the increase in fuel costs and rising inflation. This will result that we will have to do a zero base budget.

Entertainment, Travel and Subsistence, Attendance of Conferences, Catering at meetings, Telephones costs will have to be cut back.

The management of the fleet and usage of vehicles will have to be properly manage.

The management of safety clothes will have to be looked at. A policy must be developed to prevent the demand for different types of clothes by different departments.

Growth has been limited to 2 per cent for 2014/15 and curbed at 2 and 2 per cent for the two outer years, indicating that significant cost savings have been already realised.

The following graph gives a breakdown of the main expenditure categories for the 2014/15 financial year.

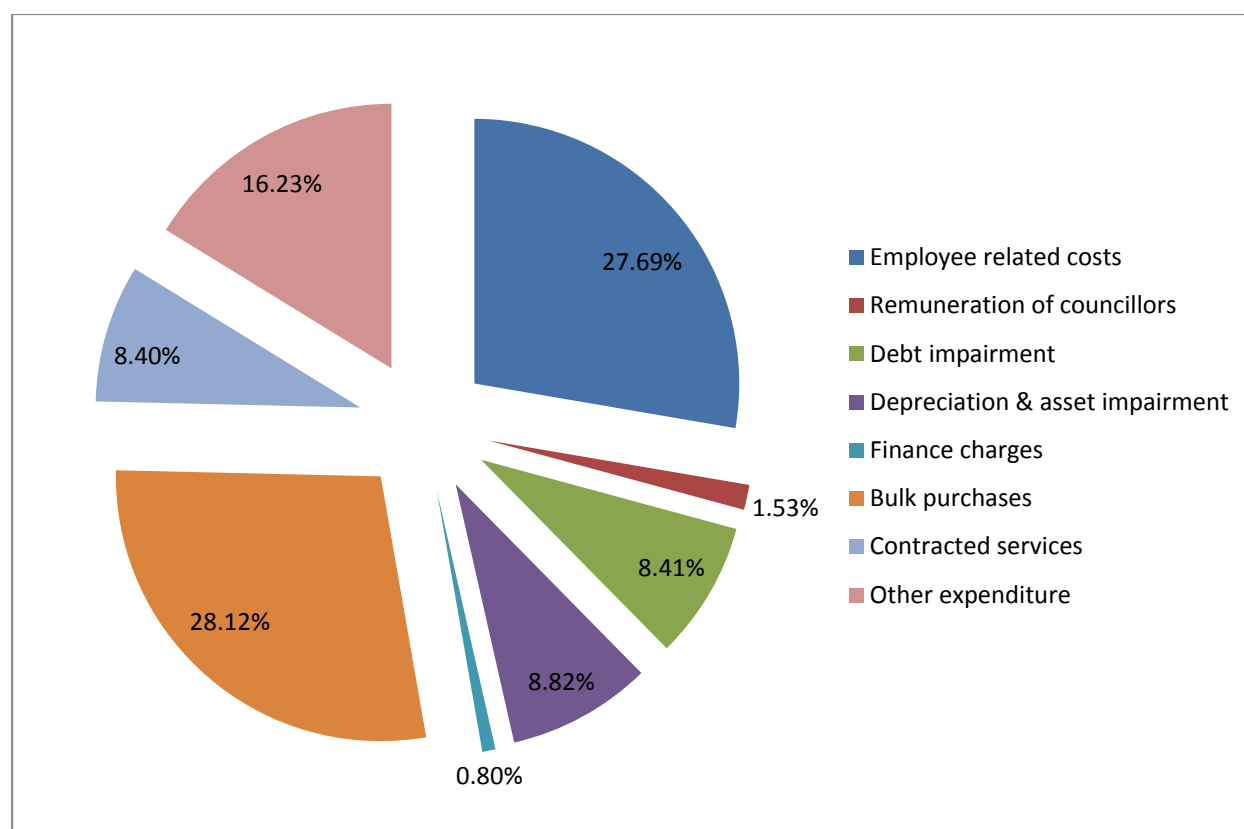


Figure 1 Main Operational expenditure categories for the 2014/15 financial year

Priority given to Repairs and Maintenance

The renewal of council's assets was the main focus in the 2014/2015 MTREF.

Included in the previous year's budget was an amount of R46 Million for the resealing of roads.

It was planned that repairs and maintenance must grow by 20% per year to ensure that council will extend the life span of the existing assets and not needs to replace them.

Due to the decrease in the equitable share council will not be in a position the increase the budget by 20%.

The budget excluding the roll overs of the previous year Repairs and Maintenance will grow by 11%.

Table 12 Repairs and Maintenance per Asset Class

GT484 Merafong City - Table A9 Asset Management									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	82.142	95.096	102.666	107.100	107.100	107.100	109.947	112.146	114.389
<u>Repairs and Maintenance by Asset Class</u>	22.589	34.741	42.279	24.336	84.796	84.796	42.605	45.161	47.871
Infrastructure - Road transport	3.348	8.116	11.132	7.781	42.278	42.278	9.066	9.610	10.186
Infrastructure - Electricity	2.340	4.280	3.384	2.328	4.495	4.495	6.010	6.370	6.752
Infrastructure - Water	2.145	3.001	2.523	4.762	8.993	8.993	16.171	17.141	18.170
Infrastructure - Sanitation	5.507	7.439	4.904	1.852	5.320	5.320	5.542	5.874	6.226
Infrastructure - Other	1.279	1.597	595	1.225	2.615	2.615	9	9	10
Infrastructure	14.620	24.433	22.539	17.948	63.701	63.701	36.796	39.004	41.344
Community	3.257	2.746	4.445	5.765	9.593	9.593	-	-	-
Heritage assets	-	-	-	427	428	428	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	4.712	7.562	15.295	196	11.074	11.074	5.808	6.157	6.526
TOTAL EXPENDITURE OTHER ITEMS	104.731	129.837	144.945	131.436	191.896	191.896	152.552	157.307	162.259

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Councils Indigent Policy. The target is to register 22 000 or more indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement) on page 46.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 CAPITAL EXPENDITURE

Table 13 2014/15 Medium-term capital budget per vote

GT484 Merafong City - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding									
Vote Description	Ref			2014/15 Medium Term Revenue & Expenditure Framework					
R thousand	1	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
<u>Single-year expenditure to be appropriated</u>	2								
Municipal Manager		–		–		–		–	
Finance		600	0%	5.000	2%	5.000	3%	5.000	3%
Economic Development and Planning		19.201	7%	955	0%	–	0%	4.450	3%
Chief Operating Officer		–	0%	–	0%	–	0%	–	0%
Infrastructure Development		238.443	81%	282.724	96%	107.808	69%	88.024	56%
Community Services		21.046	7%	6.000	2%	43.253	28%	20.049	13%
Housing		12.543	4%	–	0%	–	0%	–	0%
Shared Services		1.175	0%	–	0%	–	0%	–	0%
Capital single-year expenditure sub-total		293.007	100%	294.679	101%	156.061	100%	117.523	75%

For 2014/15 an amount of R282.7 Million has been appropriated for the development of infrastructure which represents 96 per cent of the total capital budget. Transport and roads receives the highest allocation of R224 million in 2014/15 which equates to 70 per cent.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 23 MBRR A9 (Asset Management) on page 44. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong will experience large changes in their equitable share allocations. To smooth the impact of these changes and give Merafong time to adjust the new allocations it will be phased in over five years.

Table 14 Capital Transfers and Grant Receipts

GT484 Merafong City - Supporting Table SA18 Transfers and grant receipts								2014/15 Medium Term Revenue & Expenditure Framework		
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Capital Transfers and Grants</u>										
0		71.052	73.887	82.743	93.245	105.847	105.847	74.929	66.537	79.023
Municipal Infrastructure Grant (MIG)		52.252	61.137	71.663	70.410	83.012	83.012	57.929	56.537	59.023
National Electrification Programme		18.800	8.400	7.400	22.835	22.835	22.835	6.000	10.000	20.000
Department of Sports, arts, culture and recreation			4.350	3.680						
Human Settlement Grant								7.000		
Energy Efficiency and Demand Side Management								4.000		
Single-year expenditure to be appropriated		100.000	182.551	59.999	96.046	96.046	96.046	-	-	-
Human Settlement Grant		100.000	182.551	59.999	96.046	96.046	96.046			
Community Services		-	6.937	-	-	-	-	-	-	-
Water			6.937							
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	171.052	263.375	142.742	189.291	201.893	201.893	74.929	66.537	79.023
TOTAL RECEIPTS OF TRANSFERS & GRANTS		380.381	450.762	576.340	524.327	538.729	538.729	262.006	246.428	249.667

As can be seen from the table above the Municipal Infrastructure Grant will decrease over the next three years.

This will negatively affect council's ability to render services and reduce backlogs. Programs planned for the outer years had to be cut back and reprioritised.

In addition in 2013/2014 DORA an amount of R25 Million was allocated in the 2014/2015 financial year for the Integrated National Electrification Programme. As can be seen from the above it was reduced to R6 000 000.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

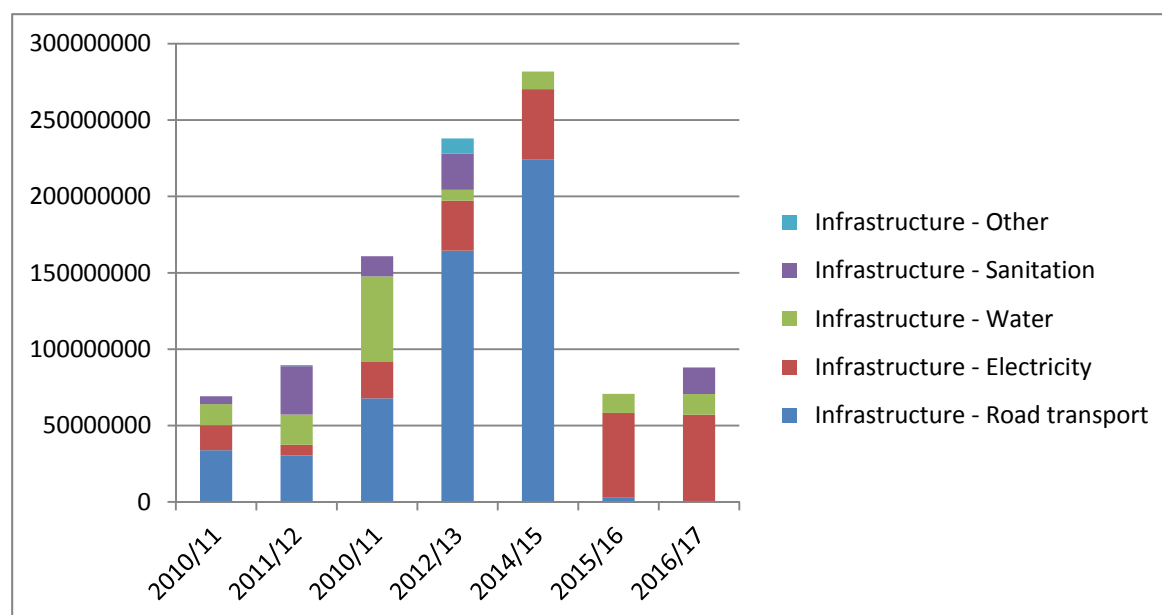


Figure 2 Capital Infrastructure Programme

1.6 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 MBRR Table A1 - Budget Summary

GT484 Merafong City - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands									
Financial Performance									
Property rates	82.154	87.530	262.877	289.361	277.614	277.614	295.648	316.321	338.439
Service charges	402.948	436.437	472.582	529.042	509.693	509.693	584.467	624.507	667.298
Investment revenue	15.178	14.890	17.089	16.942	17.544	17.544	17.959	19.036	20.178
Transfers recognised - operational	209.636	187.237	331.939	332.130	339.002	339.002	187.077	179.891	170.644
Other own revenue	32.838	37.832	49.978	75.556	75.640	75.640	85.023	90.125	95.532
Total Revenue (excluding capital transfers and contributions)	742.754	763.927	1.134.464	1.243.030	1.219.494	1.219.494	1.170.174	1.229.880	1.292.091
Employee costs	211.537	243.238	259.848	333.879	306.581	306.581	345.157	365.867	387.819
Remuneration of councillors	13.779	15.332	16.619	17.269	17.946	17.946	19.023	20.165	21.374
Depreciation & asset impairment	82.142	95.096	102.666	107.100	107.100	107.100	109.947	112.146	114.389
Finance charges	8.568	8.590	6.993	15.796	8.657	8.657	10.008	14.208	17.909
Materials and bulk purchases	227.648	267.097	284.452	329.535	324.268	324.268	350.469	375.090	401.478
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	287.377	236.356	490.662	762.368	803.825	803.825	411.890	418.725	425.443
Total Expenditure	831.051	865.709	1.161.240	1.565.948	1.568.377	1.568.377	1.246.494	1.306.200	1.368.411
Surplus/(Deficit)	(88.297)	(101.782)	(26.776)	(322.918)	(348.883)	(348.883)	(76.320)	(76.320)	(76.320)
Transfers recognised - capital	95.323	102.074	183.420	246.598	244.052	244.052	218.314	103.609	79.023
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	7.026	293	156.644	(76.320)	(104.831)	(104.831)	141.994	27.289	2.703
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	7.026	293	156.644	(76.320)	(104.831)	(104.831)	141.994	27.289	2.703
Capital expenditure & funds sources									
Capital expenditure	114.496	108.399	194.792	354.953	278.552	278.552	294.679	156.061	117.523
Transfers recognised - capital	95.323	102.074	183.420	246.598	244.052	244.052	218.314	103.609	79.023
Public contributions & donations	-	888	-	-	-	-	-	-	-
Borrowing	2.508	130	-	60.000	26.400	26.400	55.900	35.000	20.000
Internally generated funds	16.664	5.307	11.372	48.355	22.555	22.555	20.465	17.452	18.500
Total sources of capital funds	114.496	108.399	194.792	354.953	293.007	293.007	294.679	156.061	117.523
Financial position									
Total current assets	417.493	510.525	658.204	639.074	336.002	426.621	308.763	295.689	315.080
Total non current assets	2.479.948	2.798.944	2.814.605	3.091.787	3.029.841	3.003.219	3.185.801	3.230.162	3.233.760
Total current liabilities	418.922	518.271	574.673	327.980	330.526	358.546	227.476	205.995	224.916
Total non current liabilities	141.709	147.092	146.823	224.095	190.495	234.558	234.558	260.039	261.402
Community wealth/Equity	2.336.810	2.644.106	2.751.314	3.178.786	2.844.822	2.890.535	3.032.530	3.059.819	3.062.522
Cash flows									
Net cash from (used) operating	151.127	145.699	343.338	600.534	273.601	63.162	128.617	119.387	135.139
Net cash from (used) investing	(104.839)	(105.577)	(186.929)	(341.327)	(289.536)	(289.536)	(294.275)	(155.634)	(117.069)
Net cash from (used) financing	(12.840)	(13.895)	(27.135)	52.255	15.749	18.300	47.800	23.173	1.321
Cash/cash equivalents at the year end	278.937	305.164	434.438	444.516	132.869	226.364	108.506	95.432	114.823
Cash backing/surplus reconciliation									
Cash and investments available	288.242	314.937	444.653	455.231	143.584	237.079	119.649	107.021	126.876
Application of cash and investments	211.704	236.565	303.861	67.518	60.880	95.386	(40.924)	(75.491)	(73.869)
Balance - surplus (shortfall)	76.538	78.371	140.792	387.713	82.704	141.693	160.573	182.513	200.745
Asset management									
Asset register summary (WDV)	2.470.634	2.789.164	2.804.340	3.081.064	3.019.118	2.992.495	3.174.657	3.218.573	3.221.707
Depreciation & asset impairment	82.142	95.096	102.666	107.100	107.100	107.100	109.947	112.146	114.389
Renewal of Existing Assets	-	-	-	18.280	4.130	4.130	-	-	-
Repairs and Maintenance	22.589	34.741	42.279	24.336	84.796	84.796	42.605	45.161	47.871
Free services									
Cost of Free Basic Services provided	49.859	67.751	91.051	86.991	86.991	86.991	90.241	96.329	102.830
Revenue cost of free services provided	220.624	537.009	325.872	345.056	345.056	345.056	209.424	215.512	222.013
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	0	0	0	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	53	59	59	54	54	54	54	54	54

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

GT484 Merafong City - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		262.949	315.585	392.348	427.855	418.437	418.437	436.144	484.294	510.118
Executive and council		5.357	2.051	5.570	722	507	507	496	526	558
Budget and treasury office		256.541	312.159	384.891	426.493	415.155	415.155	432.805	480.861	506.588
Corporate services		1.051	1.374	1.887	640	2.775	2.775	2.844	2.906	2.973
<i>Community and public safety</i>		64.890	91.830	150.286	194.155	195.823	195.823	50.393	55.028	58.136
Community and social services		792	810	4.330	5.316	5.411	5.411	6.908	8.931	9.281
Sport and recreation		(618)	1.832	400	1.067	1.083	1.083	1.284	1.284	1.353
Public safety		11.353	13.411	16.094	41.872	37.360	37.360	41.605	44.095	46.733
Housing		50.358	75.777	129.463	145.900	151.969	151.969	596	719	769
Health		3.005	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		103.725	21.394	205.409	246.612	246.617	246.617	221.907	73.341	38.785
Planning and development		105.106	21.394	205.409	246.612	246.617	246.617	221.907	73.341	38.785
Road transport		(1.381)	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		406.514	437.192	569.841	621.006	602.670	602.670	680.044	720.825	764.075
Electricity		162.050	184.527	245.707	275.575	265.675	265.675	278.628	295.346	313.066
Water		199.595	198.307	239.158	253.296	241.733	241.733	289.604	307.086	325.511
Waste water management		19.696	20.298	38.783	39.627	41.344	41.344	44.543	47.089	49.915
Waste management		25.173	34.060	46.192	52.508	53.919	53.919	67.269	71.305	75.583
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	838.078	866.001	1.317.884	1.489.628	1.463.547	1.463.547	1.388.489	1.333.489	1.371.114
Expenditure - Standard										
<i>Governance and administration</i>		226.960	254.290	228.784	420.219	382.593	382.593	413.813	438.642	464.960
Executive and council		69.991	76.956	80.136	86.560	97.042	97.042	96.852	102.663	108.823
Budget and treasury office		88.824	82.316	59.699	237.713	204.106	204.106	215.617	228.554	242.267
Corporate services		68.145	95.019	88.948	95.946	81.446	81.446	101.344	107.424	113.870
<i>Community and public safety</i>		129.411	103.806	237.330	286.251	333.827	333.827	198.614	219.910	242.852
Community and social services		10.924	17.740	13.732	21.992	34.328	34.328	50.843	61.994	74.113
Sport and recreation		28.385	43.558	54.109	49.623	45.189	45.189	42.547	46.379	50.508
Public safety		30.656	31.926	33.951	63.455	97.017	97.017	102.839	109.009	115.550
Housing		52.012	5.570	130.894	151.181	157.293	157.293	2.386	2.529	2.680
Health		7.434	5.011	4.644	-	-	-	-	-	-
<i>Economic and environmental services</i>		67.300	55.997	90.188	303.861	331.575	331.575	84.956	90.054	95.457
Planning and development		20.802	3.709	21.275	282.347	273.909	273.909	30.075	31.879	33.792
Road transport		46.498	52.288	68.913	21.514	57.666	57.666	54.881	58.174	61.665
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		407.381	451.616	604.939	555.618	520.382	520.382	549.111	557.595	565.143
Electricity		168.180	175.115	226.634	253.879	226.030	226.030	239.592	229.504	217.367
Water		170.392	179.449	292.265	208.758	226.338	226.338	222.742	236.106	250.272
Waste water management		21.516	35.487	30.825	37.414	13.234	13.234	31.204	33.076	35.060
Waste management		47.293	61.564	55.215	55.566	54.780	54.780	55.574	58.908	62.443
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	831.051	865.709	1.161.240	1.565.948	1.568.377	1.568.377	1.246.494	1.306.200	1.368.411
Surplus/(Deficit) for the year		7.026	293	156.644	(76.320)	(104.831)	(104.831)	141.994	27.289	2.703

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions and Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services

Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

GT484 Merafong City - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Municipal Manager		5.245	2.051	5.570	722	507	507	496	526	558
Finance		256.541	312.159	384.891	426.494	415.155	415.155	432.805	480.861	506.588
Economic Development and Planning		325	266	380	106	380	380	346	366	388
Chief Operating Officer		-	-	-	-	-	-	-	-	-
Infrastructure Development		484.907	425.624	729.218	815.644	795.964	795.964	834.596	722.770	727.179
Community Services		39.814	49.992	67.016	100.764	97.773	97.773	117.429	126.000	133.359
Housing		50.726	75.777	129.463	145.900	151.969	151.969	596	719	769
Shared Services		520	1.433	1.347	-	1.800	1.800	2.221	2.246	2.273
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	838.078	867.302	1,317.884	1,489.629	1,463.547	1,463.547	1,388.489	1,333.489	1,371.114
Expenditure by Vote to be appropriated	1									
Municipal Manager		59.451	74.017	66.155	68.919	91.370	91.370	96.852	102.663	108.823
Finance		85.880	82.316	59.699	232.223	204.110	204.110	215.617	228.554	242.267
Economic Development and Planning		12.008	10.569	13.335	27.470	21.182	21.182	22.453	23.800	25.228
Chief Operating Officer		6.681	7.617	6.269	12.586	11.959	11.959	12.677	13.437	14.244
Infrastructure Development		438.600	464.202	659.923	802.117	795.207	795.207	585.407	596.068	605.925
Community Services		136.949	177.829	185.756	219.353	231.314	231.314	251.803	276.290	302.614
Housing		52.071	5.570	130.894	151.181	157.292	157.292	2.386	2.529	2.680
Shared Services		39.410	44.888	39.208	52.099	55.944	55.944	59.301	62.859	66.631
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	831.051	867.008	1,161.240	1,565.949	1,568.378	1,568.378	1,246.494	1,306.200	1,368.411
Surplus/(Deficit) for the year	2	7.027	293	156.644	(76.320)	(104.831)	(104.831)	141.994	27.289	2.703

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

GT484 Merafong City - Table A4 Budgeted Financial Performance (revenue and expenditure)

G1464 Merarong City - Table A4 Budgeted Financial Performance (Revenue and Expenditure)										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source										
Property rates	2	78.933	85.957	261.097	287.289	275.451	275.451	293.356	313.891	335.863
Property rates - penalties & collection charges		3.221	1.574	1.780	2.072	2.163	2.163	2.293	2.430	2.576
Service charges - electricity revenue	2	158.090	182.143	208.006	234.643	224.442	224.442	238.920	255.645	273.540
Service charges - water revenue	2	199.372	199.514	206.733	225.276	213.082	213.082	258.285	276.365	295.711
Service charges - sanitation revenue	2	19.696	20.298	22.798	31.384	33.102	33.102	36.398	38.582	40.897
Service charges - refuse revenue	2	25.064	33.894	34.442	37.077	38.465	38.465	50.225	53.239	56.433
Service charges - other		727	588	603	661	602	602	639	677	718
Rental of facilities and equipment		824	964	1.164	909	992	992	1.051	1.114	1.181
Interest earned - external investments		15.178	14.890	17.089	16.942	17.544	17.544	17.959	19.036	20.178
Interest earned - outstanding debtors		12.010	17.008	24.184	20.519	25.442	25.442	29.895	31.688	33.590
Dividends received		-	-	-	-	-	-	-	-	-
Fines		1.516	4.499	4.245	6.023	3.295	3.295	3.493	3.703	3.925
Licences and permits		9.823	8.865	11.289	35.836	34.027	34.027	37.987	40.266	42.682
Agency services		-	-	-	-	-	-	-	-	-
Transfers recognised - operational		209.636	187.237	331.939	332.130	339.002	339.002	187.077	179.891	170.644
Other revenue	2	8.664	6.496	9.095	9.268	11.504	11.504	12.194	12.926	13.701
Gains on disposal of PPE		-	-	-	3.000	381	381	403	428	453
Total Revenue (excluding capital transfers and contributions)		742.754	763.927	1.134.464	1.243.030	1.219.494	1.219.494	1.170.174	1.229.880	1.292.091
Expenditure By Type										
Employee related costs	2	211.537	243.238	259.848	333.879	306.581	306.581	345.157	365.867	387.819
Remuneration of councillors		13.779	15.332	16.619	17.269	17.946	17.946	19.023	20.165	21.374
Debt impairment	3	75.538	49.372	188.606	95.399	76.022	76.022	104.841	105.278	105.119
Depreciation & asset impairment	2	82.142	95.096	102.666	107.100	107.100	107.100	109.947	112.146	114.389
Finance charges		8.568	8.590	6.993	15.796	8.657	8.657	10.008	14.208	17.909
Bulk purchases	2	227.648	267.097	284.452	329.535	324.268	324.268	350.469	375.090	401.478
Other materials	8	-	-	-	-	-	-	-	-	-
Contracted services		36.344	51.289	64.748	72.401	100.726	100.726	104.755	106.850	108.987
Transfers and grants		-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	175.495	132.602	235.815	594.568	627.076	627.076	202.294	206.596	211.336
Loss on disposal of PPE		-	3.093	1.494	-	-	-	-	-	-
Total Expenditure		831.051	865.709	1.161.240	1.565.948	1.568.377	1.568.377	1.246.494	1.306.200	1.368.411
Surplus/(Deficit)										
Transfers recognised - capital		(88.297)	(101.782)	(26.776)	(322.918)	(348.883)	(348.883)	(76.320)	(76.320)	(76.320)
Contributions recognised - capital		95.323	102.074	183.420	246.598	244.052	244.052	218.314	103.609	79.023
Contributed assets	6	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		7.026	293	156.644	(76.320)	(104.831)	(104.831)	141.994	27.289	2.703
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		7.026	293	156.644	(76.320)	(104.831)	(104.831)	141.994	27.289	2.703
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		7.026	293	156.644	(76.320)	(104.831)	(104.831)	141.994	27.289	2.703
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		7.026	293	156.644	(76.320)	(104.831)	(104.831)	141.994	27.289	2.703

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R1 170.174 Million in 2014/15 and escalates to R1 229.8 Million by 2015/16. This represents a year-on-year increase of 4.04 per cent for the 2015/16 financial year and 5.88 per cent for the 2015/17 financial year.
2. Revenue to be generated from property rates is R295 Million in the 2014/15 financial year and increases to R316 Million by 2015/16 which represents 24 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6.5 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R586 Million for the 2014/15 financial year and increasing to R626 Million by 2015/16. For the 2014/15 financial year services charges amount to 50 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong experience large changes in their equitable share allocations. To smooth the impact of these changes and give Merafong time to adjust the new allocations it will be phased in over five years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.

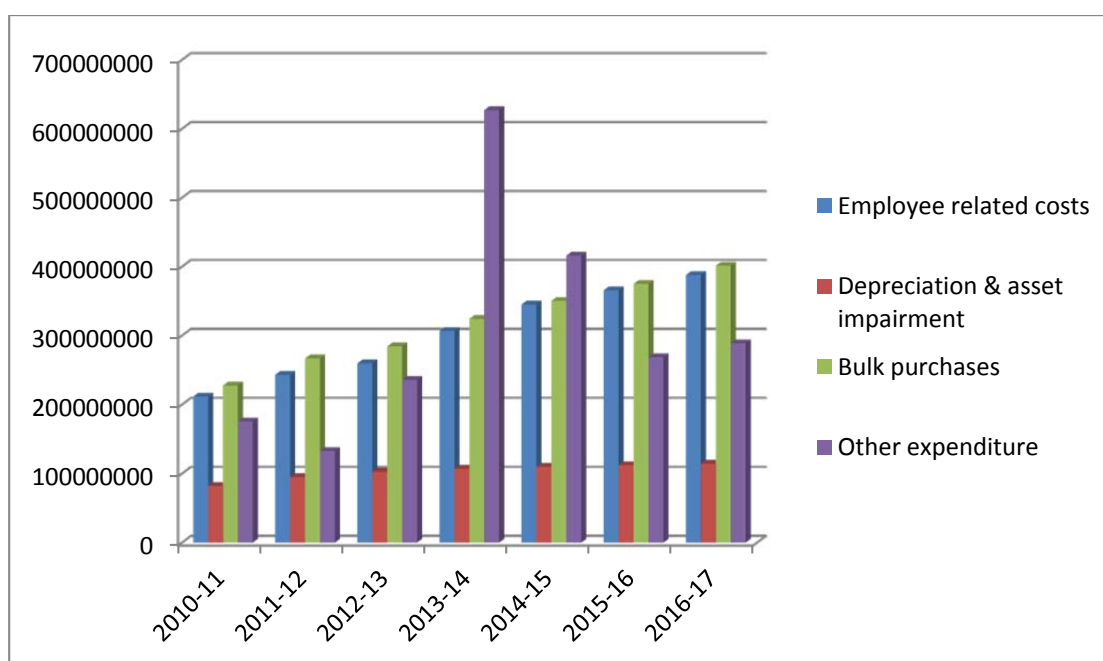


Figure 3 Expenditure by Major Type

6. Bulk purchases have significantly increased over the 2010/11 to 2014/15 period escalating from R227 Million to R350 Million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.

7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

GT484 Merafong City - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure - Vote										
Multi-year expenditure - to be appropriated	2									
Municipal Manager		-	-	-	-	-	-	-	-	-
Finance		-	-	-	-	-	-	-	-	-
Economic Development and Planning		-	-	-	-	-	-	-	-	-
Chief Operating Officer		-	-	-	-	-	-	-	-	-
Infrastructure Development		-	-	-	-	-	-	-	-	-
Community Services		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Shared Services		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-
Single-year expenditure - to be appropriated	2									
Municipal Manager		1.277	249	-	-	-	-	-	-	-
Finance		865	440	1.272	5.380	600	600	5.000	5.000	5.000
Economic Development and Planning		602	106	3.993	12.450	19.201	19.201	955	-	4.450
Chief Operating Officer		87	221	-	-	-	-	-	-	-
Infrastructure Development		83.297	94.597	179.851	314.991	238.443	238.443	282.724	107.808	88.024
Community Services		22.740	12.171	9.677	21.557	21.046	21.046	6.000	43.253	20.049
Housing		5.213	310	-	-	12.543	12.543	-	-	-
Shared Services		415	304	-	575	1.175	1.175	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		114.496	108.399	194.792	354.953	293.007	293.007	294.679	156.061	117.523
Total Capital Expenditure - Vote		114.496	108.399	194.792	354.953	293.007	293.007	294.679	156.061	117.523
Capital Expenditure - Standard										
<i>Governance and administration</i>		15.056	1.051	1.272	5.175	(3.400)	(3.400)	5.000	5.000	5.000
Executive and council		1.433	255	-	575	(575)	(575)	-	-	-
Budget and treasury office		879	440	1.272	4.600	(4.000)	(4.000)	5.000	5.000	5.000
Corporate services		12.744	356	-	-	1.175	1.175	-	-	-
<i>Community and public safety</i>		24.397	16.756	8.778	9.280	28.547	28.547	4.500	21.750	10.503
Community and social services		16.514	9.375	2.663	1.000	14.400	14.400	-	-	6.003
Sport and recreation		601	391	2.262	4.400	3.190	3.190	4.500	21.750	4.500
Public safety		2.029	6.681	3.853	3.880	(1.586)	(1.586)	-	-	-
Housing		5.213	310	-	-	12.543	12.543	-	-	-
Health		40	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		36.711	30.784	130.389	249.429	183.680	183.680	226.314	39.806	4.450
Planning and development		14.816	270	3.993	20.106	19.200	19.200	955	-	4.450
Road transport		21.896	30.513	126.396	229.323	164.480	164.480	225.359	39.806	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		38.331	59.808	54.354	91.069	69.724	69.724	58.865	89.506	97.569
Electricity		15.637	7.091	25.359	57.985	32.735	32.735	45.900	55.550	57.154
Water		13.951	19.915	21.169	3.142	7.109	7.109	11.465	12.452	13.500
Waste water management		5.187	31.575	6.926	16.885	6.050	6.050	-	-	17.371
Waste management		3.556	1.227	900	13.057	23.830	23.830	1.500	21.503	9.546
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	114.496	108.399	194.792	354.953	278.552	278.552	294.679	156.061	117.523
Funded by:										
National Government		95.323	102.074	183.420	246.598	244.052	244.052	74.929	66.537	79.023
Provincial Government		-	-	-	-	-	-	143.385	37.072	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	95.323	102.074	183.420	246.598	244.052	244.052	218.314	103.609	79.023
Public contributions & donations	5	-	888	-	-	-	-	-	-	-
Borrowing	6	2.508	130	-	60.000	26.400	26.400	55.900	35.000	20.000
Internally generated funds		16.664	5.307	11.372	48.355	22.555	22.555	20.465	17.452	18.500
Total Capital Funding	7	114.496	108.399	194.792	354.953	293.007	293.007	294.679	156.061	117.523

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R294 million for the 2014/15 financial year and reduces over the MTREF at levels of R156 million and 118 million respectively for the two outer years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2014/15, capital transfers totals 218 million reduces to 79 million by 2016/17. Borrowing has been provided at R105.9 over the MTREF with internally generated funding totaling R16 million, R17.5 million and R18.5 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 20 MBRR Table A6 - Budgeted Financial Position

GT484 Merafong City - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS										
Current assets										
Cash		278.937	305.164	434.438	444.516	132.869	226.364	108.506	95.432	114.823
Call investment deposits	1	-	-	-	-	-	-	-	-	-
Consumer debtors	1	121.186	176.659	182.358	176.659	185.234	182.358	182.358	182.358	182.358
Other debtors		6.258	18.472	35.148	4.781	4.781	4.781	4.781	4.781	4.781
Current portion of long-term receivables		3.677	2.508	-	4.132	4.132	4.132	4.132	4.132	4.132
Inventory	2	7.435	7.721	6.261	8.986	8.986	8.986	8.986	8.986	8.986
Total current assets		417.493	510.525	658.204	639.074	336.002	426.621	308.763	295.689	315.080
Non current assets										
Long-term receivables		9	8	6	9	9	9			
Investments		9.305	9.772	10.215	10.715	10.715	10.715	11.144	11.589	12.053
Investment property		-								
Investment in Associate		-								
Property, plant and equipment	3	2.468.564	2.787.946	2.804.018	3.078.494	3.016.548	2.989.926	3.174.657	3.218.573	3.221.707
Agricultural		-								
Biological		-								
Intangible		2.070	1.217	322	2.570	2.570	2.570			
Other non-current assets		-		43						
Total non current assets		2.479.948	2.798.944	2.814.605	3.091.787	3.029.841	3.003.219	3.185.801	3.230.162	3.233.760
TOTAL ASSETS		2.897.441	3.309.469	3.472.809	3.730.862	3.365.843	3.429.840	3.494.564	3.525.852	3.548.840
LIABILITIES										
Current liabilities										
Bank overdraft	1									
Borrowing	4	30.486	25.641	8.523	11.986	11.986	8.100	8.100	11.827	18.679
Consumer deposits		9.659	10.389	10.675	10.051	10.051	10.051	10.500	10.500	10.500
Trade and other payables	4	362.399	465.814	538.526	285.569	288.115	320.021	188.502	163.294	175.364
Provisions		16.378	16.428	16.949	20.374	20.374	20.374	20.374	20.374	20.374
Total current liabilities		418.922	518.271	574.673	327.980	330.526	358.546	227.476	205.995	224.916
Non current liabilities										
Borrowing		64.448	58.006	48.013	121.052	87.452	77.714	125.514	144.994	140.358
Provisions		77.261	89.086	98.810	103.043	103.043	103.044	109.044	115.044	121.044
Total non current liabilities		141.709	147.092	146.823	224.095	190.495	180.759	234.558	260.039	261.402
TOTAL LIABILITIES		560.631	665.363	721.495	552.076	521.021	539.305	462.034	466.033	486.318
NET ASSETS	5	2.336.810	2.644.106	2.751.314	3.178.786	2.844.822	2.890.535	3.032.530	3.059.819	3.062.522
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		2.336.810	2.644.106	2.751.314	3.178.786	2.844.822	2.890.535	3.032.530	3.059.819	3.062.522
Reserves	4	-	-	-	-	-	-	-	-	-
Minorities' interests										
TOTAL COMMUNITY WEALTH/EQUITY	5	2.336.810	2.644.106	2.751.314	3.178.786	2.844.822	2.890.535	3.032.530	3.059.819	3.062.522

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 96) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 21 MBRR Table A7 - Budgeted Cash Flow Statement

GT484 Merafong City - Table A7 Budgeted Cash Flows

G1464 Merano City - Table A7 Budgeted cash flows										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		443.327	523.550	690.359	798.560	779.920	779.920	859.894	925.247	995.696
Government - operating	1	330.100	243.016	176.427	335.036	335.036	335.036	187.077	179.891	170.644
Government - capital	1	95.323	185.410	401.006	243.692	243.692	244.052	74.929	66.537	79.023
Interest		27.188	31.898	17.089	16.942	16.942	16.942	17.959	19.036	20.178
Dividends										
Payments										
Suppliers and employees		(736.655)	(833.001)	(934.574)	(788.551)	(1.063.243)	(1.274.043)	(1.001.234)	(1.057.116)	(1.112.494)
Finance charges		(8.156)	(5.174)	(6.969)	(5.146)	(38.746)	(38.746)	(10.008)	(14.208)	(17.909)
Transfers and Grants	1									
NET CASH FROM/(USED) OPERATING ACTIVITIES		151.127	145.699	343.338	600.534	273.601	63.162	128.617	119.387	135.139
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		8.990	2.118	5.796	3.000	3.000	3.000	403	428	453
Decrease (Increase) in non-current debtors			1.171	2.509		-	-			
Decrease (increase) other non-current receivables						-	-			
Decrease (increase) in non-current investments		666	(468)	(443)	471	471	471			
Payments										
Capital assets		(114.496)	(108.399)	(194.792)	(344.798)	(293.007)	(293.007)	(294.679)	(156.061)	(117.523)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(104.839)	(105.577)	(186.929)	(341.327)	(289.536)	(289.536)	(294.275)	(155.634)	(117.069)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing					62.906	26.400	26.400	55.900	35.000	20.000
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing		(12.840)	(13.895)	(27.135)	(10.651)	(10.651)	(8.100)	(8.100)	(11.827)	(18.679)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(12.840)	(13.895)	(27.135)	52.255	15.749	18.300	47.800	23.173	1.321
NET INCREASE/ (DECREASE) IN CASH HELD		33.447	26.227	129.274	311.462	(186)	(208.074)	(117.858)	(13.074)	19.391
Cash/cash equivalents at the year begin:	2	245.490	278.937	305.164	133.054	133.054	434.438	226.364	108.506	95.432
Cash/cash equivalents at the year end:	2	278.937	305.164	434.438	444.516	132.869	226.364	108.506	95.432	114.823

Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

GT484 Merafong City - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	1	278.937	305.164	434.438	444.516	132.869	226.364	108.506	95.432	114.823
Other current investments > 90 days		0	0	0	—	0	—	—	—	—
Non current assets - Investments	1	9.305	9.772	10.215	10.715	10.715	10.715	11.144	11.589	12.053
Cash and investments available:		288.242	314.937	444.653	455.231	143.584	237.079	119.649	107.021	126.876
Application of cash and investments										
Unspent conditional transfers		239.950	305.719	348.323	78.876	91.857	150.385	37.072	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—
Statutory requirements	2									
Other working capital requirements	3	(28.245)	(69.154)	(44.461)	(11.358)	(30.977)	(54.999)	(77.996)	(75.491)	(73.869)
Other provisions										
Long term investments committed	4	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5									
Total Application of cash and investments:		211.704	236.565	303.861	67.518	60.880	95.386	(40.924)	(75.491)	(73.869)
Surplus(shortfall)		76.538	78.371	140.792	387.713	82.704	141.693	160.573	182.513	200.745

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell from the 2013/14 financial year to 2014/15 period owing directly to a net decrease in cash for the 2014/15 financial year of R117.8 million.
4. The decrease is as a result of the spending of Conditional grant funding that was approved as roll overs in 2013/14.
5. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R108.5 Million as at the end of the 2014/15 financial year and decreases to R95.4 Million by 2015/16.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2010/11 to 2013/14 the surplus increased from R76 million to R142 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/14 MTREF was funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has is funded as the surplus of 141.7 million in 2013/14 will increase to a surplus of R200.7 million by 2016/17.

Table 23 MBRR Table A9 - Asset Management

GT484 Merafong City - Table A9 Asset Management

Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE											
<u>Total New Assets</u>		1	114.496	108.399	194.792	336.673	288.877	288.877	294.679	156.061	117.523
Infrastructure - Road transport			33.848	30.418	67.824	224.323	164.481	164.481	225.359	39.806	-
Infrastructure - Electricity			16.308	6.987	24.221	56.485	32.235	32.235	45.900	55.550	57.154
Infrastructure - Water			13.855	19.853	55.616	2.642	7.110	7.110	11.465	12.452	13.500
Infrastructure - Sanitation			5.146	31.575	13.146	16.885	22.829	22.829	-	-	17.371
Infrastructure - Other			-	780	-	4.557	8.361	8.361	-	-	-
Infrastructure			69.157	89.613	160.807	304.892	235.016	235.016	282.724	107.808	88.024
Community			16.586	10.183	11.156	8.500	10.340	10.340	4.500	21.750	10.503
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	28.072	8.584	22.829	22.706	42.346	42.346	7.455	26.503	18.996
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			680	19	-	575	1.175	1.175	-	-	-
<u>Total Renewal of Existing Assets</u>		2	-	-	-	18.280	4.130	4.130	-	-	-
Infrastructure - Road transport			-	-	-	5.000	-	-	-	-	-
Infrastructure - Electricity			-	-	-	1.500	500	500	-	-	-
Infrastructure - Water			-	-	-	500	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	7.000	1.000	1.000	-	-	-
Infrastructure - Other			-	-	-	1.500	1.500	1.500	-	-	-
Infrastructure			-	-	-	15.500	3.000	3.000	-	-	-
Community			-	-	-	780	780	780	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	-	-	2.000	350	350	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>		4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			33.848	30.418	67.824	229.323	164.481	164.481	225.359	39.806	-
Infrastructure - Electricity			16.308	6.987	24.221	57.985	32.735	32.735	45.900	55.550	57.154
Infrastructure - Water			13.855	19.853	55.616	3.142	7.110	7.110	11.465	12.452	13.500
Infrastructure - Sanitation			5.146	31.575	13.146	23.885	23.829	23.829	-	-	17.371
Infrastructure - Other			-	780	-	6.057	9.861	9.861	-	-	-
Infrastructure			69.157	89.613	160.807	320.392	238.016	238.016	282.724	107.808	88.024
Community			16.586	10.183	11.156	9.280	11.120	11.120	4.500	21.750	10.503
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	28.072	8.584	22.829	24.706	42.696	42.696	7.455	26.503	18.996
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			680	19	-	575	1.175	1.175	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	114.496	108.399	194.792	354.953	293.007	293.007	294.679	156.061	117.523
ASSET REGISTER SUMMARY - PPE (WDV)		5									
Infrastructure - Road transport			1.319.788	1.317.535	1.346.922	1.666.286	1.602.044	1.575.421	1.752.602	1.744.230	1.696.052
Infrastructure - Electricity			315.657	344.850	294.742	444.250	419.000	419.000	451.251	493.152	536.656
Infrastructure - Water			198.641	280.962	262.825	245.578	249.546	249.546	252.621	256.685	261.795
Infrastructure - Sanitation			111.352	279.306	246.759	144.445	144.390	144.390	130.821	117.252	121.054
Infrastructure - Other			495.158	394.538	483.044	500.067	503.872	503.872	488.992	474.112	459.232
Infrastructure			2.440.596	2.617.190	2.634.292	3.000.627	2.918.851	2.892.228	3.076.287	3.085.430	3.074.789
Community			8.813	153.808	155.821	16.248	18.088	18.088	20.494	40.150	48.559
Heritage assets			43	43	43	43	43	43	43	43	43
Investment properties			-	-	-	-	-	-	-	-	-
Other assets			19.112	16.906	13.862	61.576	79.566	79.566	77.833	92.950	98.316
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			2.070	1.217	322	2.570	2.570	2.570	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	2.470.634	2.789.164	2.804.340	3.081.064	3.019.118	2.992.495	3.174.657	3.218.573	3.221.707
EXPENDITURE OTHER ITEMS											
<u>Depreciation & asset impairment</u>		3	82.142	95.096	102.666	107.100	107.100	107.100	109.947	112.146	114.389
<u>Repairs and Maintenance by Asset Class</u>			22.589	34.741	42.279	24.336	84.796	84.796	42.605	45.161	47.871
Infrastructure - Road transport			3.348	8.116	11.132	7.781	42.278	42.278	9.066	9.610	10.186
Infrastructure - Electricity			2.340	4.280	3.384	2.328	4.495	4.495	6.010	6.370	6.752
Infrastructure - Water			2.145	3.001	2.523	4.762	8.993	8.993	16.171	17.141	18.170
Infrastructure - Sanitation			5.507	7.439	4.904	1.852	5.320	5.320	5.542	5.874	6.226
Infrastructure - Other			1.279	1.597	595	1.225	2.615	2.615	9	9	10
Infrastructure			14.620	24.433	22.539	17.948	63.701	63.701	36.796	39.004	41.344
Community			3.257	2.746	4.445	5.765	9.593	9.593	-	-	-
Heritage assets			-	-	-	427	428	428	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6, 7	4.712	7.562	15.295	196	11.074	11.074	5.808	6.157	6.526
TOTAL EXPENDITURE OTHER ITEMS			104.731	129.837	144.945	131.436	191.896	191.896	152.552	157.307	162.259
Renewal of Existing Assets as % of total capex			0.0%	0.0%	0.0%	5.1%	1.4%	1.4%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"			0.0%	0.0%	0.0%	17.1%	3.9%	3.9%	0.0%	0.0%	0.0%
R&M as a % of PPE			0.9%	1.2%	1.5%	0.8%	2.8%	2.8%	1.3%	1.4%	1.5%
Renewal and R&M as a % of PPE			1.0%	1.0%	2.0%	1.0%	3.0%	3.0%	1.0%	1.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.

Table 24 MBRR Table A10 - Basic Service Delivery Measurement

GT484 Merafong City - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling		34.087	35.428	35.428	40.428	38.428	38.428	40.928	40.928	40.928
Piped water inside yard (but not in dwelling)		35.791	35.791	35.791	35.791	35.791	35.791	35.791	35.791	35.791
Using public tap (at least min.service level)	2	25.787	25.787	25.787	25.787	25.787	25.787	25.787	25.787	25.787
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		95.665	97.006	97.006	102.006	100.006	100.006	102.506	102.506	102.506
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	95.665	97.006	97.006	102.006	100.006	100.006	102.506	102.506	102.506
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		52.728	54.069	54.069	54.069	54.069	54.069	54.069	54.069	54.069
Flush toilet (with septic tank)		1.300	1.300	1.300	1.300	1.300	1.300	1.300	1.300	1.300
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		7.900	7.900	7.900	7.900	7.900	7.900	7.900	7.900	7.900
<i>Minimum Service Level and Above sub-total</i>		61.928	63.269	63.269	63.269	63.269	63.269	63.269	63.269	63.269
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		102	102	102	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		102	102	102	-	-	-	-	-	-
Total number of households	5	62.030	63.371	63.371	63.269	63.269	63.269	63.269	63.269	63.269
Energy:										
Electricity (at least min.service level)		6.473	6.493	6.493	7.993	7.993	7.993	11.993	11.993	11.993
Electricity - prepaid (min.service level)		14.514	14.739	14.739	14.739	14.739	14.739	14.739	14.739	14.739
<i>Minimum Service Level and Above sub-total</i>		20.987	21.232	21.232	22.732	22.732	22.732	26.732	26.732	26.732
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	20.987	21.232	21.232	22.732	22.732	22.732	26.732	26.732	26.732
Refuse:										
Removed at least once a week		26.938	28.893	28.893	31.893	31.893	31.893	34.393	34.393	34.393
<i>Minimum Service Level and Above sub-total</i>		26.938	28.893	28.893	31.893	31.893	31.893	34.393	34.393	34.393
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		11.604	11.604	11.604	11.604	11.604	11.604	11.604	11.604	11.604
Using own refuse dump		41.558	47.659	47.659	42.159	42.159	42.159	42.159	42.159	42.159
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		53.162	59.263	59.263	53.763	53.763	53.763	53.763	53.763	53.763
Total number of households	5	80.100	88.156	88.156	85.656	85.656	85.656	88.156	88.156	88.156
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		21.562	20.859	21.985	22.000	22.000	22.000	22.000	22.000	22.000
Sanitation (free minimum level service)		21.562	20.859	21.985	22.000	22.000	22.000	22.000	22.000	22.000
Electricity/other energy (50kwh per household per month)		21.562	20.859	21.985	22.000	22.000	22.000	22.000	22.000	22.000
Refuse (removed at least once a week)		21.562	20.859	21.985	22.000	22.000	22.000	22.000	22.000	22.000
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		23.730	45.854	32.337	27.811	27.811	27.811	30.788	32.943	35.249
Sanitation (free sanitation service)		8.724	10.309	5.810	8.176	8.176	8.176	7.955	8.433	8.939
Electricity/other energy (50kwh per household per month)		9.771	6.189	41.376	37.729	37.729	37.729	36.580	39.140	41.880
Refuse (removed once a week)		7.635	5.400	11.528	13.275	13.275	13.275	14.918	15.813	16.762
Total cost of FBS provided (minimum social package)		49.859	67.751	91.051	86.991	86.991	86.991	90.241	96.329	102.830
Highest level of free service provided										
Property rates (R value threshold)		15.000	15.000	65.000	65.000	65.000	65.000	65.000	65.000	65.000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		50	50	50	50	50	50	50	50	50
Electricity (kwh per household per month)		200	200	200	200	200	200	200	200	200
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		18.213	19.222	18.756	18.756	18.756	18.756	18.756	18.756	18.756
Property rates (other exemptions, reductions and rebates)		79.561	92.252	97.787	94.083	94.083	94.083	100.427	100.427	100.427
Water		23.730	45.854	32.337	27.811	27.811	27.811	30.788	32.943	35.249
Sanitation		8.724	10.309	5.810	8.176	8.176	8.176	7.955	8.433	8.939
Electricity/other energy		9.771	6.189	41.376	37.729	37.729	37.729	36.580	39.140	41.880
Refuse		7.635	5.400	11.528	13.275	13.275	13.275	14.918	15.813	16.762
Municipal Housing - rental rebates										
Housing - top structure subsidies		72.991	357.784	118.277	145.227	145.227	145.227	-	-	-
Other										
Total revenue cost of free services provided (total social package)	6	220.624	537.009	325.872	345.056	345.056	345.056	209.424	215.512	222.013

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 22 000 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services.
3. It is anticipated that these Free Basic Services will cost the municipality R87 million in 2013/14, increasing to R90 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.
4. In addition to the Free Basic Services, the Municipality also 'gives' households R109 million in free services in 2014/15, and it increases to R120 million in 2016/17. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

The Executive Mayor tabled the Key Deadlines in terms of section 21(1) (b) during August 2013.

Subsequent to the above a budget steering committee was established in terms of Regulation 393. The committee is chaired by the portfolio head of finance.

A medium term expenditure framework was compiled, discussed and recommended by the Budget steering Committee during February 2014.

The needs of the communities, backlogs as identified by the departments, priorities as identified in the Municipal strategic review was the basis of the medium term expenditure framework for 2014/2015 to 2016/2017.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;

- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 70 and 72 has been taken into consideration in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to

play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Integrated Spatial Development Framework

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

The strategy review was conducted at a three-day strategic review session held on 4 – 6 December 2013 at Misty Hills and on 19 and 20 February 2013 in house. Members of the mayoral committee, councillors, senior management and labour representatives attended the workshop.

The purpose of the workshop was the Revision of Strategic Planning 2012 – 2016 and the Performance targets and subsequent strategies. The approach followed was output-orientated and participative by nature. In order to achieve the highest degree of consensus, information technology was utilised to achieve the highest quality information in the shortest time.

The purpose of the strategic planning session was to achieve the following outputs:

- Business Definition
 - o Vision
 - o Mission
 - o Strategic goals and objectives framework
 - o Core business values
 - o Stakeholder framework
- SWOT Analysis
- Targets
- Strategic Action Plan
- High level organisational design

Linkage with national, provincial and government manifesto priorities.

The approach followed was output-orientated and participative by nature. The input of various key stakeholders, administrative and political was gathered and documented in a facilitated workshop approach.

The needs of the communities, backlogs as identified by the departments, priorities as identified in the Strategic Review process was the basis of the medium term expenditure framework for 2014/2015 to 2016/2017.

The IDP outlines Various **PLANS**; which respond to Merafong vision and values; thereby directing strategic focus areas; key programmes and strategic projects that link to the Council's capital and operating budget.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

GT484 Merafong City - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Grahamstown City - Supporting Table 2: Recommendation 1: RDP Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Basic Service Delivery				484.907	425.624	729.218	815.644	795.964	795.964	841.206	732.149	736.926	
Municipal Institutional Development and Transformation				68.145	95.019	88.948	95.946	81.446	81.446	101.344	107.424	113.870	
Local Economic Development				2	3	1	1	1	1	1	1	2	
Municipal Financial Viability and Management				256.541	312.159	384.891	426.494	415.155	415.155	432.805	480.861	506.588	
Good Governance and Public Participation				28.158	32.931	114.446	151.437	170.601	170.601	2.717	2.772	2.831	
Integrated Spatial Development Framework				325	266	380	106	380	380	10.416	10.281	10.898	
Allocations to other priorities													
Total Revenue (excluding capital transfers and contributions)				1	838.078	866.001	1.317.884	1.489.628	1.463.547	1.463.547	1.388.488	1.333.489	1.371.114

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

GT484 Merafong City - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

0140 Medium Term Revenue & Expenditure Framework												
Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Basic Service Delivery				438.600	464.202	659.923	802.117	795.207	795.207	592.017	612.454	633.041
Municipal Institutional Development and Transformation				39.410	44.888	39.208	52.099	55.944	55.944	59.301	62.859	66.631
Local Economic Development				3.046	2.992	3.777	5.435	5.379	5.379	5.702	6.044	6.407
Municipal Financial Viability and Management				85.880	82.316	59.699	232.223	204.110	204.110	215.617	228.554	242.267
Good Governance and Public Participation				252.106	260.741	385.298	446.604	486.555	486.555	351.404	372.489	394.838
Integrated Spatial Development Framework				12.008	10.569	13.335	27.470	21.182	21.182	22.453	23.800	25.228
Allocations to other priorities												
Total Expenditure			1	831.051	865.709	1.161.240	1.565.948	1.568.377	1.568.377	1.246.494	1.306.200	1.368.412

Table 27 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

GT484 Merafong City - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective													
Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Basic Service Delivery		A		106.037	106.768	189.528	336.548	259.489	259.489	288.724	151.061	108.073	
Municipal Institutional Development and Transformation		B											
Local Economic Development		C		5.213	310	–	–	12.543	12.543	–	–	–	
Municipal Financial Viability and Management		D		2.644	1.214	1.272	5.955	1.775	1.775	5.955	5.000	9.450	
Good Governance and Public Participation		E											
Integrated Spatial Development Framework		F		602	106	3.993	12.450	19.201	19.201	–	–	–	
		G											
Allocations to other priorities				3									
Total Capital Expenditure				1	114.496	108.399	194.792	354.953	293.007	293.007	294.679	156.061	117.523

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

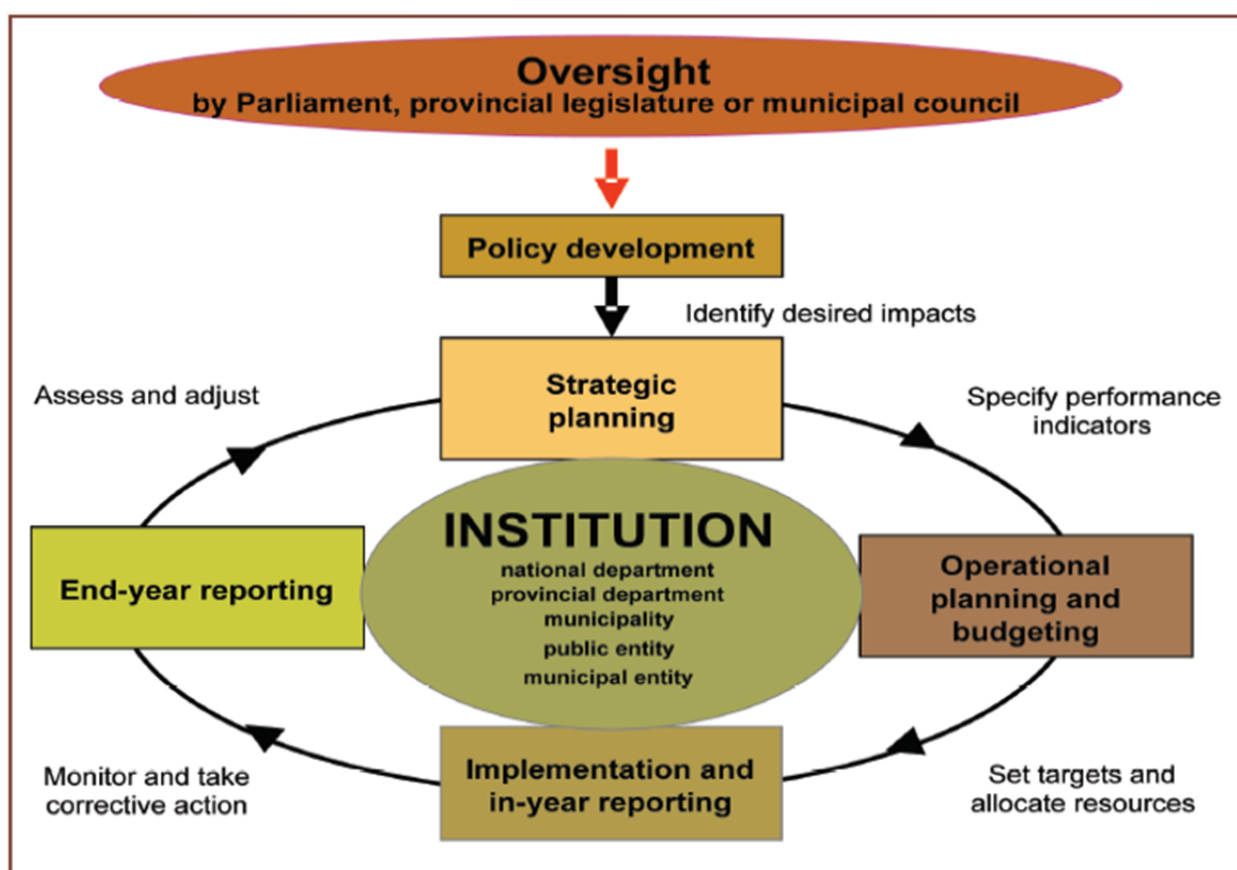


Figure 4 Planning, budgeting and reporting cycle

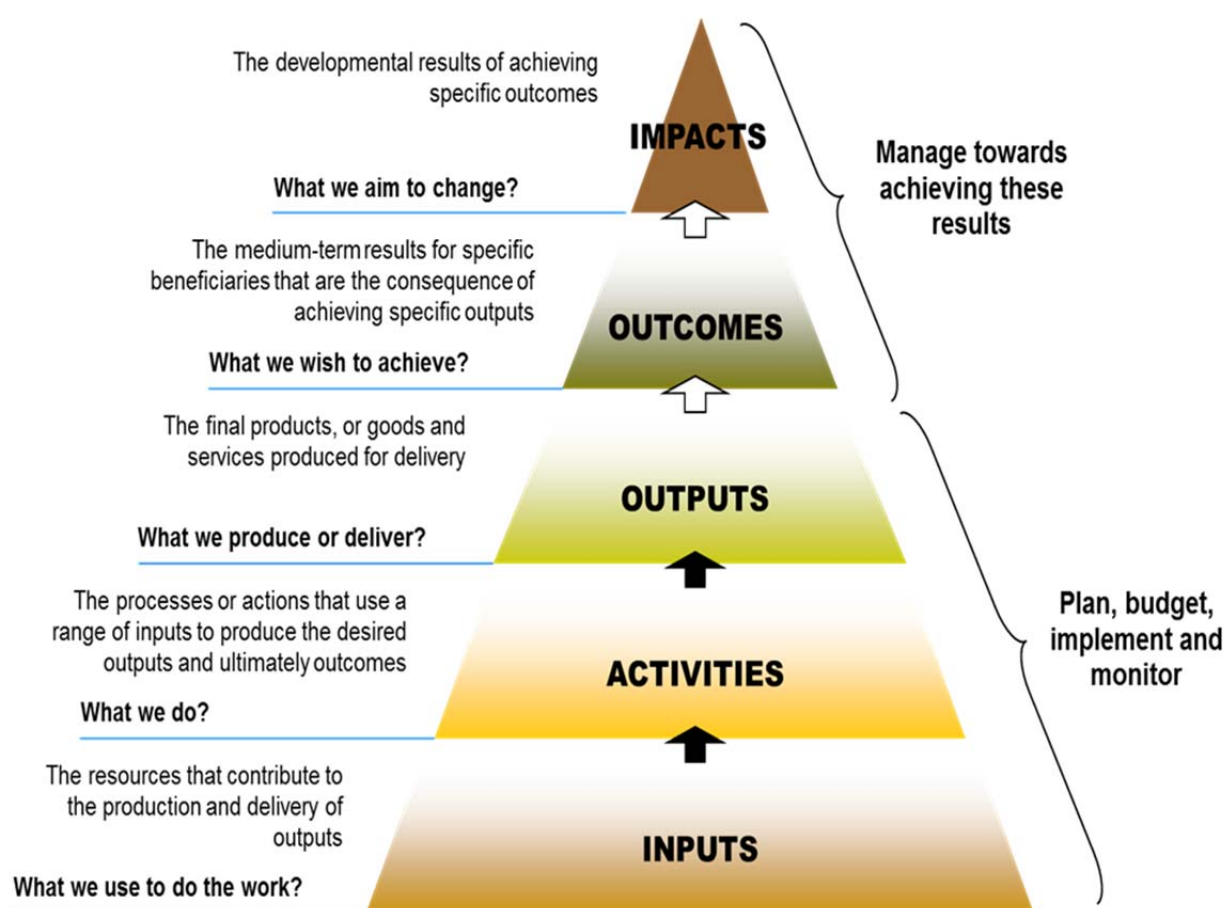
The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);

- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

Figure 5 Definition of performance information concepts



The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 28 MBRR Table SA8 - Performance indicators and benchmarks

GT484 Merafong City - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator		Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>											
Credit Rating			None	None	None	None	None	None			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure		2.6%	2.6%	2.9%	1.7%	1.2%	1.1%	1.5%	2.0%	2.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue		4.0%	3.9%	4.3%	2.9%	2.2%	1.9%	1.8%	2.5%	3.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions		0.0%	0.0%	0.0%	58.1%	53.9%	53.9%	73.2%	66.7%	51.9%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities		1.0	1.0	1.1	1.9	1.0	1.2	1.4	1.4	1.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities		1.0	1.0	1.1	1.9	1.0	1.2	1.4	1.4	1.4
Liquidity Ratio	Monetary Assets/Current Liabilities		0.7	0.6	0.8	1.4	0.4	0.6	0.5	0.5	0.5
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing			85.6%	93.4%	88.2%	89.6%	90.4%	0.0%	89.1%	89.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			85.6%	93.2%	87.9%	89.6%	90.4%	90.4%	89.1%	89.8%	90.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		17.7%	25.9%	19.2%	14.9%	15.9%	15.7%	16.3%	15.6%	14.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments			29.0%	36.9%	33.8%	34.0%	106.0%	50.5%	81.8%	97.0%	83.1%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)		34363	44019	42999	42000	42000	42000	42000	42000	42000
	% Volume (units purchased and generated less units sold)/units purchased and generated		15.687	15.687	27.244	20432.000	20.433	20.433	22.088	23.877	25.811
			0	0	0	0	0	0	0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)		1.792	3.560	4.631	3.500	3.500	3.500	3.500	3.500	3.500
	% Volume (units purchased and generated less units sold)/units purchased and generated		6672	8228	16175	8886	8886	8886	9597	10365	11194
			0	0	0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)		28.5%	31.8%	22.9%	26.9%	25.1%	25.1%	29.5%	29.7%	30.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)		30.3%	33.8%	24.4%	28.2%	26.6%	26.6%	31.1%	31.4%	31.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)		3.0%	4.5%	3.7%	2.0%	7.0%	7.0%	3.6%	3.7%	3.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)		12.2%	13.6%	9.7%	9.9%	9.5%	9.5%	10.3%	10.3%	10.2%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		11.6	13.0	29.1	33.0	33.0	33.0	31.9	27.0	28.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		27.0%	37.7%	29.5%	22.6%	24.6%	24.3%	21.7%	20.3%	19.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		4.9	5.1	5.4	4.2	1.3	2.1	1.2	1.0	1.2

2.3.1 Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Merafong City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreasing from 4 per cent in 2010/11 to 1.8 per cent in 2014/15. This decrease can be attributed to the repayment of loans to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the City has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 77 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The municipality will have to raise loans to fund the resealing of roads and the expansion of the municipalities electricity infrastructure.

Liquidity

- **Current ratio**

Current ratio measures the ability of the Municipality to pay its current liabilities out of the current assets. The industry usually looks for a ratio of 2:1, however the acceptable current ratio is 1:1 for municipalities.

The current ratio is 1:4 which means that the Municipality will be able to meet its short term obligation if the trend continues.

Revenue Management

Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)

A revenue enhancement strategy was developed and the roll out plan has commenced. A no tolerance approach in terms of council's credit control policy will be enforced on non-indigent defaulters.

- **Outstanding debtors to Revenue**

This ratio gives an indication of how liquid customer's debtors are. The benchmark is 8.3%. The benchmark is exceeded. The municipality needs to look at ways of improving their credit control. The average for the Municipality for the past two years was 19% and 16% respectively.

Creditors Management

- **Creditors System Efficiency**

The ratio gives an indication of average creditor's payment period. The benchmark is 30 Days and is a contravention of Section 65(2) (e) if creditors are not paid in 30 days

Other Indicators

- **Employee costs**

The ratio indicates a percentage of salary costs to total expenditure and this ratio could illustrate the risk of salary costs being unmanageable.

Employee costs totalled 29.6% of the total expenditure for the 2014/14 financial year. This ratio is maintained within the limit of 35 %.

- **Cost coverage**

This ratio indicates the availability of cash plus short term investments to cover the monthly fixed operating expenditure.

Council has sufficient cash to cover current liabilities.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

Budgeting is central to the process of prioritizing for service delivery and the management of the functions of Council. The Municipality's budgeting process is guided and governed by relevant legislation and budget related policies.

Council had in terms of Regulation 7 and 8 of Local Government Gazette 32141 reviewed the budget related policies and bylaws for Merafong Local Council.

The following policies are amended or are new policies that need to be adopted by Council.

The policies were submitted to Management for their inputs. The policies were work shopped with council and were work shopped with the community during the budget consultation process.

The following are the key policies that affect or are affected by the annual budget that needs to be reviewed and amended if necessary.

Tariff Policy

The Municipal Systems Act, Act 32 of 2000, requires a municipality to have a tariff determination policy.

The challenge in setting tariffs lies in striking a balance between maintaining financial sustainability of the relevant departments and entities (and so sustainability of service provision) and ensuring affordability of those services by consumers.

The Municipality Tariff Policy provides a broad framework within which Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision.

This policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of. In addition to the policy, and for operational purposes, tariff setting methodologies have been developed for the various departments and entities involved in trading services. The methodology specifies the procedure that departments and municipal entities should follow in determining their tariff increases:

Property Rates Policy

The Municipality has revised its Rates Policy as per the legislative requirements. The new policy provides that properties be rated based on the value of their land and improvements. Sectional title owners will also be drawn into the rates base. A new valuation roll is accordingly in place. The first Rates Policy and General Valuation Roll in terms of the

Municipal Property Rates Act (MPRA) were implemented by the Municipality on the 01st July 2008.

The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates. This will affect the rates payable by the Municipality's property owners, and ultimately impact on the Municipality's own revenue stream.

Credit Control and Debt Collections Policy

The Municipalities Credit Control and Debt Collection Policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the Municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

Indigent and Free Basic Services Subsidies Policy

Council had adopt an Indigent and Free Basic Services Subsidy Policy, which embodies and provide procedures and guidelines for the subsidization of basic services and tariff charges to indigent households in its municipal area.

The object of the Indigent and Free Basic Services Subsidy Policy is to ensure:

- (a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Municipality of the Council; and
- (b) The provision of procedures and guidelines for the subsidisation of basic service charges to indigent households.

Debt Write Off Policy

This policy serves to assist management and officials of the municipality to implement and maintain consistent, efficient and effective bad debts management principles. This policy will also assist management to run the municipality in a cost effective manner and yet achieving high levels of revenue collection. The policy also seeks to mitigate the risk of fraudulent writing off of fictitious bad debts.

PURPOSE

- To ensure that bad debt write-offs are authorized at appropriate levels.
- To ensure that only bona fide bad debts are written off.
- To ensure firmness in writing off bad debts.
- To ensure that debt collection is effective and efficient.
- To ensure that bad debts are kept within reasonable proportions.
- To ensure that the estimated loss resulting from bad debts is provided for during the same period that the income to which it is related is earned, and
- To ensure that the outstanding debtors appear in the monthly balance sheet at net realizable value, since the provision is deducted from the gross amount of the debtors.

Supply Chain Management Policy

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

The Municipality has an approved Supply Chain Management Policy, within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

A procurement system which is fair, equitable, transparent, competitive and cost- effective in terms of Section 217 of the Constitution of South Africa No 108 of 1996;

- As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations;
- Best practices in supply chain management;
- Uniformity in supply chain management systems between organs of state in all spheres;
- Broad Based Black Economic Empowerment.

Additional Policies

- Asset Management Policy
- Cash Management, Disposal and Borrowing Policy
- Funding and Reserve Policy
- Virement Policy

Bylaws

- Property Rates
- Tariffs
- Credit Control and Collections
- Indigent and Free Basic Services Subsidies

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The 2014/15 – 2016/17 Medium Term Budget has been prepared within a highly volatile and highly uncertain economic environment, making the budgeting process even more challenging.

Drastic changes have occurred within the global and domestic economy in the past two years, and these changes had a profound impact on the assumptions drawn to prepare the budget.

The following aspects were taken into account in the preparation of the 2014/15– 2016/17 Medium Term Budget.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, these tariffs are largely outside the control of the Council. Discounting the impact of these price increases in lower consumer tariffs will erode the Council future financial position and viability

The large increases and the change of the local economic conditions such as the down turn in the property market, trends in household incomes and unemployment are counterproductive, resulting in higher levels of non-payment and increased bad debts.

Council was advised to provide for increases related to salaries and wages for the 2014/15 budget and MTREF as follows:

2014/15 Financial Year – 6.79 per cent (5.79 per cent plus 1 per cent)

2015/16 Financial Year – 6.40 per cent (5.40 per cent plus 1 per cent)

2016/17 Financial Year – 6.40 per cent (5.40 per cent plus 1 per cent)

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong will experience large changes in their equitable share and MIG allocations.

Council cannot with the existing filled employee component be in a position to execute the capital projects approved by council and rendering normal service delivery functions

It was planned that repairs and maintenance must grow by 20% for the next 2 years to ensure that council will extend the life span of the existing assets and not needs to replace them.

Due to the decrease in the equitable share council will not be in a position the increase the budget by 20% but only 11%.

The effective implementation of the credit control policy of council remains a challenge. Credit control will be rolled out to all areas within Merafong.

Council will have to consider establish an in house debt collection section. Where normal credit control actions are not effective council will have to make use of alternative mechanisms to collect its debt. Defaulters of assessment rates by property owners and farmers must be addressed.

Council had commenced with the procurement process to procure pre-paid water meters. It's critical that the project be rolled out in 2013/2014.

Municipal Infrastructure Grant will decrease over the next three years.

This will negatively affect council's ability to render services and reduce backlogs. Programs planned for the outer years had to be cut back and reprioritised.

Council had received R7 000 Million from Human Settlement Grant for the ROD requirements for Khutsong Ext 1, 2 and 3.

In addition R6 000 Million was received from the National Electrification Programme for the electrification of the second phase of Khutsong Ext 1, 2 and 3.

General inflation outlook and its impact on the municipal activities

Headline inflation forecasts

Municipalities must take the following inflation forecasts into consideration when preparing their budgets for 2014/15 and MTREF

Fiscal year	2012	2013	2014	2015	2016
	Actual	Estimate	Forecast		
Real GDP growth	2.5	1.8	2.7	3.2	3.5
CPI inflation	5.6	5.7	6.2	5.9	5.5

Summary of budget assumptions

For the 2014/2015 financial year the Council, from the outset, based the guideline on the growth rates on 6% of the original budgeted amounts submitted to National Treasury for the 2013/2014 financial year. This was in line with the Reserve Banks inflation targets. However, during the 2014/2015 budgeting process, the main objective of the Council was to adhere to the prerequisite from National Treasury that Municipalities must pass budgets that are balanced and cash funded.

2.6 Overview of Budget Funding

Medium-term outlook: operating revenue

Table 29 breakdown of the operating revenue over the medium-term:

Description	Current Year	2014/15 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17
Revenue By Source							
Property rates	275451	22.59%	293356	24.06%	313891	25.74%	335863
Service Charges	511254	41.92%	583829	47.87%	623830	51.15%	666580
Investment Revenue	17544	1.44%	17959	1.47%	19036	1.56%	20178
Transferred Recognised - operational	339002	27.80%	181206	14.86%	170512	13.98%	160897
Other own revenue	76243	6.25%	87953	7.21%	93232	7.65%	98826
Total Operating Revenue (excluding capital transfers and contributions)	1219494	100.00%	1164303	100.00%	1220501	100.00%	1282344
Total operating expenditure	1324325		1240623		1296821		1358664
Surplus / (Deficit)	-104831		-76320		-76320		-76320

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.

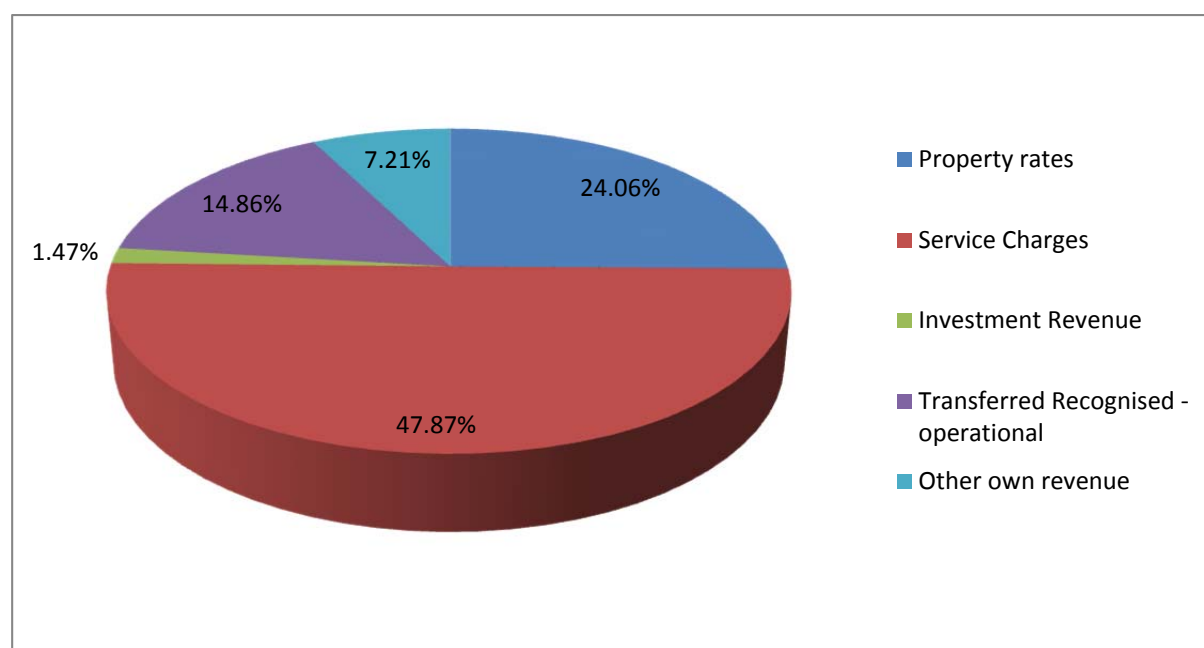


Figure 6 Breakdown of operating revenue over the 2014/15 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 87.5 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Statement of tariff setting and revenue strategies

Tariff-setting is a pivotal and strategic part of the compilation of any budget. The Council annually reviews its tariffs to ascertain whether they are still capable of producing the required revenue envelope, taking note of the prevailing trends. This process of tariff setting takes place within the framework of the Council tariff policy. The tariff policy is premised on principles of financial sustainability, social considerations as relates to the affordability of services, economic soundness and environmental considerations.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target.

While the municipality is committed to maintaining tariff increases within the forecasted inflation, increases above inflation are applied to some services (mainly major trading services) due to budgetary requirements aimed at sustaining service provision.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, these tariffs are largely outside the control of the Council. Discounting the impact of these price increases in lower consumer tariffs will erode the Council future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Council is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

For the 2013/14 financial year tariffs increases for the major services were primarily driven by the following broad considerations:

- Political and social considerations;
- Move towards cost reflective tariffs over the medium term to ensure financial, and so service delivery, sustainability- cost recovery will be phased in gradually in consideration of affordability of services;

- Maintaining the Councils infrastructure in good state of repair, mindful of the affordability of services;
- Increase in bulk purchases;
- Capital investment plans;
- Current national electricity constraints;
- Trends in the national and local economy;
- The impact of inflation and other cost increases;

Within this framework the Council has undertaken the tariff setting process relating to service charges as follows:

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Table 30 Proposed tariff increases over the medium-term

Revenue Category	2014/15 Proposed increase	2015/16 Proposed increase	2016/17 Proposed increase	2014/15 additional revenue owing to % tariff increases	2014/15 Total Budgeted revenue
	%	%	%	R 000	R 000
Property Rates	6.5	6	6	17.904	293.356
Electricity	7.2	7	7	14.479	238.920
Water	8.05	7	7	45.203	258.285
Sanitation	6.5	6	6	3.296	36.398
Refuse	33	6	6	11.760	50.225
Total	10	7	7	92.642	877.184

Revenue to be generated from property rates is R275 million in the 2013/14 financial year and increases to R293 Million by 2014/15 which represents 24.06 per cent of the operating revenue base of the Municipality.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R511 Million for the 2013/14 financial year and increasing to R583 million by 2014/15. For the 2014/15 financial year services charges amount to 47.87 per cent of the total revenue base and grows by 3 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R181.2 million, R170.5 million and R160.9 million for each of the respective financial years of the MTREF, or 7, 8 and 8 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are decreasing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R18 million, R19 million and R20 million for the respective three financial years of the 2014/15 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 31 MBRR SA15 – Detail Investment Information

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		9.305	9.772	10.215	10.715	10.715	10.715	11.144	11.589	12.053
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	9.305	9.772	10.215	10.715	10.715	10.715	11.144	11.589	12.053
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		9.305	9.772	10.215	10.715	10.715	10.715	11.144	11.589	12.053

Table 32 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Vrs/Months												
Parent municipality														
ABSA		10 Years	Fixed Deposit		Variable	4.00%	0	n/a	30/06/2017	10.715	429			11.144
														-
														-
														-
														-
Municipality sub-total										10.715		-	-	11.144
Entities														
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									10.715		-	-	11.144

Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 33 Sources of capital revenue over the MTREF

Vote Description	Current Year	2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget		Budget Year 2014/15		Budget Year +1 2015/16		Budget Year +2 2016/17
R thousand		%		%		%	
Funded by:							
National Government	105847		67929		66537		79023
Provincial Government	138205		150385				
Transfers recognised - capital	244052	83.29%	218314	75.10%	66537	55.92%	79023
Public Contributions & Donations		0.00%		0.00%		0.00%	
Borrowing	26400	9.01%	55900	19.23%	35000	29.41%	20000
Internally generated funds	22555	7.70%	16465	5.66%	17452	14.67%	18500
Total Capital Funding	293007	100.00%	290679	100.00%	118989	100.00%	117523

The above table is graphically represented as follows for the 2014/15 financial year.

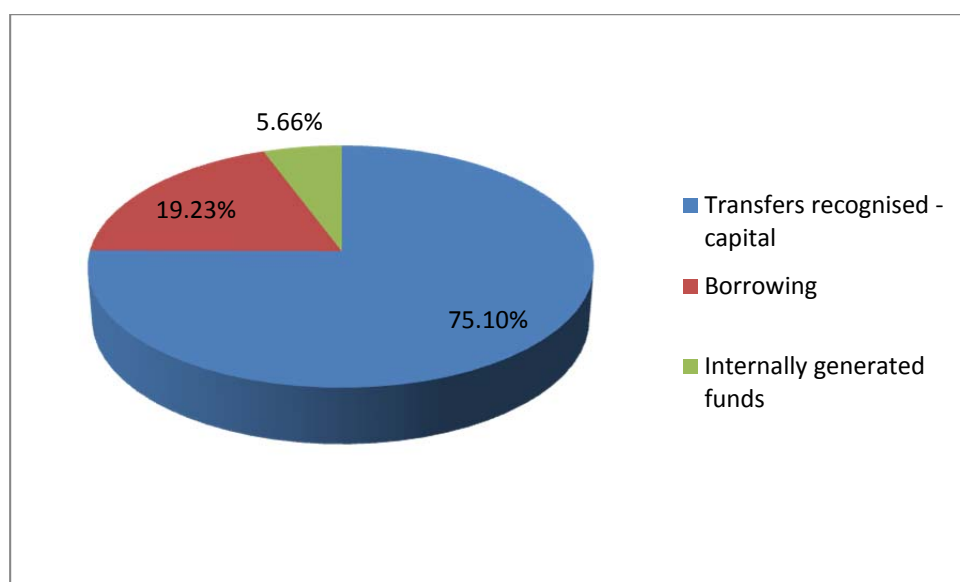


Figure 7 Sources of capital revenue for the 2014/15 financial year

Capital grants and receipts equates to 75 per cent of the total funding source which represents R218 million for the 2014/15 financial year and decrease to R 79 million or 67 per cent by 2016/17.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R55.9 million to be raised for 2014/15 financial year totalling 19, 29 and 17 per cent of the total funding of the capital budget for each of the respective financial years of the MTREF. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality borrowing liability.

Table 34 MBRR Table SA 17 - Detail of borrowings

GT484 Merafong City - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality										
Long-Term Loans (annuity/reducing balance)		40.076	56.016	44.893	105.606	72.006	62.268	122.865	143.239	139.497
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		24.372	1.990	3.120	15.446	15.446	15.446	2.649	1.755	861
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	64.448	58.006	48.013	121.052	87.452	77.714	125.514	144.994	140.358

The following graph illustrates the outstanding borrowing balances for the 2014/15 to 2016/17 period.

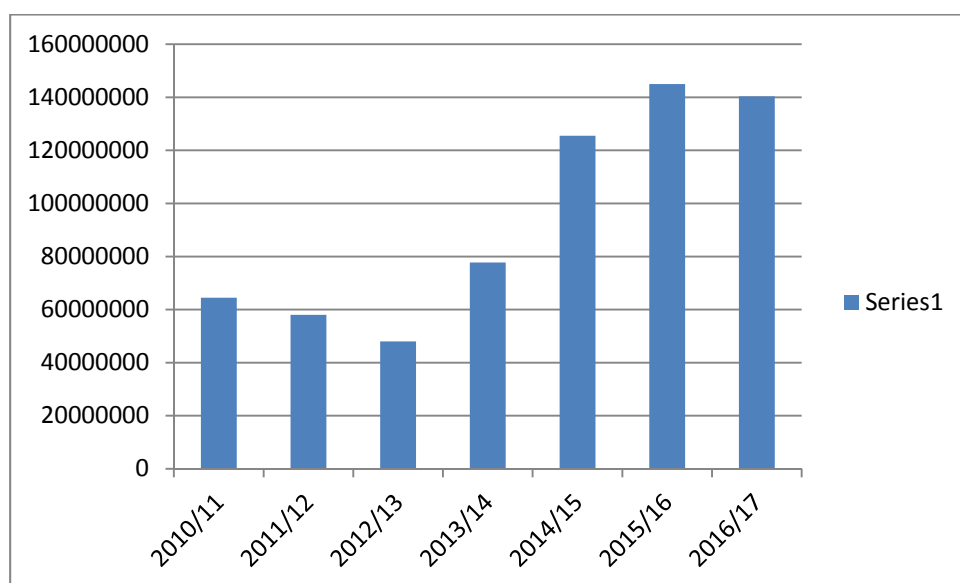


Figure 8 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R16.4 million in 2014/15, R17.4 in 2015/16 and R18.5 million in 2016/17.

Table 35 MBRR Table SA 18 - Capital transfers and grants receipts

GT484 Merafong City - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Transfers and Grants										
0		71.052	73.887	82.743	93.245	105.847	105.847	74.929	66.537	79.023
Municipal Infrastructure Grant (MIG)		52.252	61.137	71.663	70.410	83.012	83.012	57.929	56.537	59.023
National Electrification Programme		18.800	8.400	7.400	22.835	22.835	22.835	6.000	10.000	20.000
Department of Sports, arts, culture and recreation			4.350	3.680						
Human Settlement Grant								7.000		
Energy Efficiency and Demand Side Management								4.000		
Single-year expenditure to be appropriated		100.000	182.551	59.999	96.046	96.046	96.046	-	-	-
Human Settlement Grant		100.000	182.551	59.999	96.046	96.046	96.046			
Community Services		-	6.937	-	-	-	-	-	-	-
Water			6.937							
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	171.052	263.375	142.742	189.291	201.893	201.893	74.929	66.537	79.023
TOTAL RECEIPTS OF TRANSFERS & GRANTS		380.381	450.762	576.340	524.327	538.729	538.729	262.006	246.428	249.667

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 36 MBRR Table A7 - Budget cash flow statement

GT484 Merafong City - Table A7 Budgeted Cash Flows

ST464 Merang City - Table A7: Budgeted Cash Flows										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		443.327	523.550	690.359	798.560	779.920	779.920	859.894	925.247	995.696
Government - operating	1	330.100	243.016	176.427	335.036	335.036	335.036	187.077	179.891	170.644
Government - capital	1	95.323	185.410	401.006	243.692	243.692	244.052	74.929	66.537	79.023
Interest		27.188	31.898	17.089	16.942	16.942	16.942	17.959	19.036	20.178
Dividends										
Payments										
Suppliers and employees		(736.655)	(833.001)	(934.574)	(788.551)	(1,063.243)	(1,274.043)	(1,001.234)	(1,057.116)	(1,112.494)
Finance charges		(8.156)	(5.174)	(6.969)	(5.146)	(38.746)	(38.746)	(10.008)	(14.208)	(17.909)
Transfers and Grants	1									
NET CASH FROM/(USED) OPERATING ACTIVITIES		151.127	145.699	343.338	600.534	273.601	63.162	128.617	119.387	135.139
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		8.990	2.118	5.796	3.000	3.000	3.000	403	428	453
Decrease (increase) in non-current debtors			1.171	2.509		-	-			
Decrease (increase) other non-current receivables						-	-			
Decrease (increase) in non-current investments		666	(468)	(443)	471	471	471			
Payments										
Capital assets		(114.496)	(108.399)	(194.792)	(344.798)	(293.007)	(293.007)	(294.679)	(156.061)	(117.523)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(104.839)	(105.577)	(186.929)	(341.327)	(289.536)	(289.536)	(294.275)	(155.634)	(117.069)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing					62.906	26.400	26.400	55.900	35.000	20.000
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing		(12.840)	(13.895)	(27.135)	(10.651)	(10.651)	(8.100)	(8.100)	(11.827)	(18.679)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(12.840)	(13.895)	(27.135)	52.255	15.749	18.300	47.800	23.173	1.321
NET INCREASE/ (DECREASE) IN CASH HELD										
		33.447	26.227	129.274	311.462	(186)	(208.074)	(117.858)	(13.074)	19.391
Cash/cash equivalents at the year begin:	2	245.490	278.937	305.164	133.054	133.054	434.438	226.364	108.506	95.432
Cash/cash equivalents at the year end:	2	278.937	305.164	434.438	444.516	132.869	226.364	108.506	95.432	114.823

It can be seen that the cash levels of the Municipality fell from the 2013/14 financial year to 2014/15 period owing directly to a net decrease in cash for the 2014/15 financial year of R51 million.

The decrease is as a result of the spending of Conditional grant funding that was approved as roll overs in 2013/14.

The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Cash and cash equivalents totals R108.5 Million as at the end of the 2014/15 financial year and escalates to R114.8 Million by 2016/17.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-

compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

GT484 Merafong City - Table A8 Cash backed reserves/accumulated surplus reconciliation

G1464: Monitoring City - Table A6: Cash backed Reserves/accumulated surplus/reconciliation										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	1	278.937	305.164	434.438	444.516	132.869	226.364	108.506	95.432	114.823
Other current investments > 90 days		0	0	0	-	0	-	-	-	-
Non current assets - Investments	1	9.305	9.772	10.215	10.715	10.715	10.715	11.144	11.589	12.053
Cash and investments available:		288.242	314.937	444.653	455.231	143.584	237.079	119.649	107.021	126.876
Application of cash and investments										
Unspent conditional transfers		239.950	305.719	348.323	78.876	91.857	150.385	37.072	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2									
Other working capital requirements	3	(28.245)	(69.154)	(44.461)	(11.358)	(30.977)	(54.999)	(77.996)	(75.491)	(73.869)
Other provisions										
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5									
Total Application of cash and investments:		211.704	236.565	303.861	67.518	60.880	95.386	(40.924)	(75.491)	(73.869)
Surplus(shortfall)		76.538	78.371	140.792	387.713	82.704	141.693	160.573	182.513	200.745

From the table it can be seen that for the period 2010/11 to 2013/14 the surplus increased from R141.6 million to R160.5 million.

Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/14 MTREF was funded.

As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

During the 2013/14 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2014/15 financial year no provision has been made for this liability as the total unspent conditional grant liability of R150 million has been factored into the 2014/15 capital programme of the Municipality. The Municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

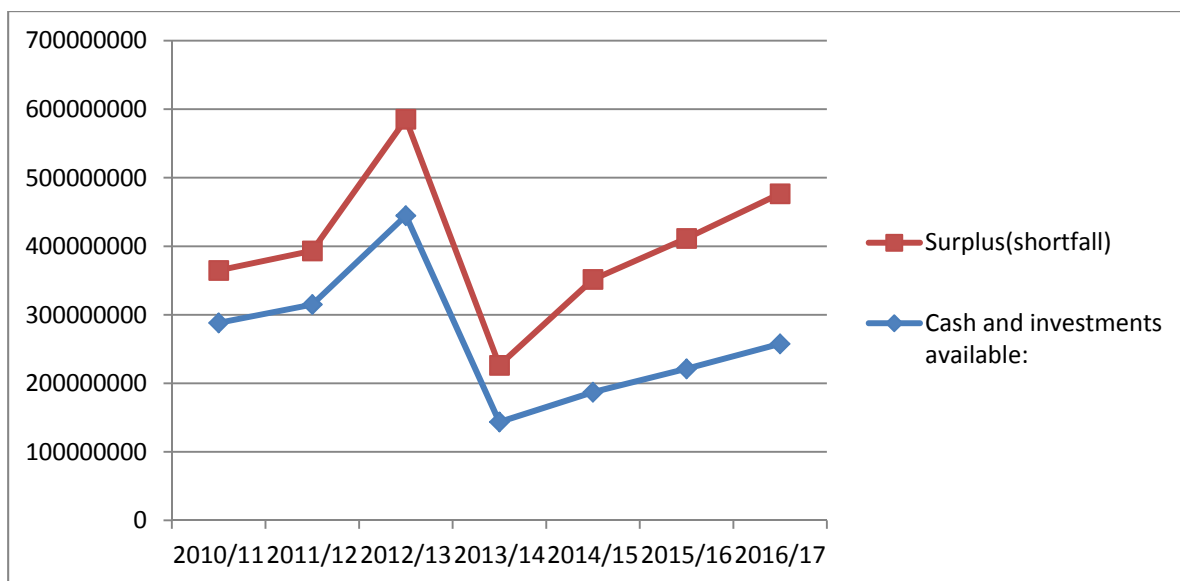


Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 38 MBRR SA10 – Funding compliance measurement

GT484 Merafong City Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	1	278.937	305.164	434.438	444.516	132.869	226.364	108.506	95.432	114.823
Cash + investments at the yr end less applications - R'000	18(1)b	2	76.538	78.371	140.792	387.713	82.704	141.693	160.573	182.513	200.745
Cash year end/monthly employee/supplier payments	18(1)b	3	4.9	5.1	5.4	4.2	1.3	2.1	1.1	1.0	1.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	7.026	293	156.644	(76.320)	(104.831)	(104.831)	(76.320)	(76.320)	(76.320)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	2.0%	34.4%	5.3%	(9.8%)	(6.0%)	5.8%	0.9%	0.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	85.6%	93.2%	87.9%	89.6%	90.4%	90.4%	89.1%	89.8%	90.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	15.5%	9.4%	25.6%	11.6%	9.6%	9.6%	11.9%	11.2%	10.4%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	100.0%	100.0%	97.1%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	58.1%	53.9%	53.9%	73.2%	66.7%	51.9%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10							158.7%	119.6%	104.1%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	50.7%	10.1%	(14.7%)	4.6%	(1.5%)	(1.5%)	0.0%	0.0%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	(16.1%)	(19.3%)	35.8%	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.9%	1.2%	1.5%	0.8%	2.8%	2.8%	1.3%	1.4%	1.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	5.1%	1.4%	1.4%	0.0%	0.0%	0.0%

Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash

equivalents for the 2014/15 MTREF shows R175.9 Million, R209.6 Million and R245.6 Million for each respective financial year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 22, on page 42. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to SA2position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2010/11 to 2014/15, moving from 4.9 to 1.3 with the adopted 2013/14 MTREF. As part of the 2014/15 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.7 and then increase slightly to 2.2 and 2.4 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. For the 2014/15 MTREF the indicative outcome is a deficit of R76.32 million. The deficit is a result of the Depreciation resulting from revaluation of PPE that are funded from the accumulated Surplus.

Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 5.8, 0.9 and 0.9 per cent for the respective financial year of the 2014/15 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in refuse at 33 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 89.1, 89.8 and 90.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 87.5 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 11.9, 11.2 and 10.4 per cent over the MTREF. The provision is well within the accepted leading practice.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 77.2, 66.7 and 51.9 per cent of own funded capital.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the municipality's policy of settling debtors accounts within 30 days.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 52 MBRR SA34C on page 90.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 51 MBRR SA34b on page 89

2.7 Expenditure on Grants and Reconciliations of Unspent Funds

Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

GT484 Merafong City - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		148.782	169.754	186.892	185.034	186.834	186.834	180.467	170.512	160.897
Local Government Equitable Share		147.257	167.954	185.846	181.074	181.074	181.074	175.979	167.895	158.179
Finance Management		1.000	1.000	564	1.550	1.550	1.550	1.600	1.650	1.700
Municipal Systems Improvement		525	800	482	890	890	890	934	967	1.018
EPWP Incentive					1.520	3.320	3.320	1.954	-	-
Other transfers/grants [insert description]										
Provincial Government:		102.872	-	142.756	147.096	152.168	152.168	6.610	9.379	9.747
Housing		98.099		142.756	142.321	147.393	147.393			
Department of Sports, arts, culture and recreation		4.773			4.025	4.025	4.025	5.331	8.100	8.400
Agricultural and Rural Development					750	750	750	1.279	1.279	1.347
Agricultural, Conservation en Environment										
District Municipality:		1.565	-	2.291	-	-	-	-	-	-
HIV Programme		1.565		1.791						
Water				500						
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		253.219	169.754	331.939	332.130	339.002	339.002	187.077	179.891	170.644
Capital expenditure of Transfers and Grants										
National Government:		74.929	88.829	85.763	93.245	105.847	105.847	63.929	66.537	79.023
Municipal Infrastructure Grant (MIG)		61.486	72.027	67.595	70.410	83.012	83.012	57.929	56.537	59.023
National Electrification Programme		13.443	10.725	14.596	22.835	22.835	22.835	6.000	10.000	20.000
Department of Sports, arts, culture and recreation			6.077	3.573						
Human Settlement Grant										
Energy Efficiency and Demand Side Management										
0								-	-	-
Provincial Government:		20.394	106.470	97.657	153.353	138.205	138.205	-	-	-
Human Settlement Grant		20.394	106.470	97.657	153.353	138.205	138.205	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Water										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		95.323	195.299	183.420	246.598	244.052	244.052	63.929	66.537	79.023
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		348.542	365.053	515.359	578.728	583.055	583.055	251.006	246.428	249.667

Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

GT484 Merafong City - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		2.692		5.118						
Current year receipts		312	169.754	189.696	185.034	186.834	186.834	180.467	170.512	160.897
Conditions met - transferred to revenue		312	169.754	186.892	185.034	186.834	186.834	180.467	170.512	160.897
Conditions still to be met - transferred to liabilities		2.692		7.922						
Provincial Government:										
Balance unspent at beginning of the year		70.077				2.906	739	-	-	-
Current year receipts		107.194	17.533	240.815	150.002	150.002	150.002	6.610	9.379	9.747
Conditions met - transferred to revenue		156.244	17.533	142.756	147.096	152.169	150.741	6.610	9.379	9.747
Conditions still to be met - transferred to liabilities		21.027		98.059	2.906	739	-	-		
District Municipality:										
Balance unspent at beginning of the year		1.115								
Current year receipts		100		3.086						
Conditions met - transferred to revenue		1.565	-	2.291	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		(350)		795						
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		158.120	187.287	331.939	332.130	339.003	337.575	187.077	179.891	170.644
Total operating transfers and grants - CTBM	2	23.369	-	106.776	2.906	739	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		36.478	32.601	20.906						
Current year receipts		71.052	73.887	82.743	93.245	105.847	105.847	74.929	66.537	79.023
Conditions met - transferred to revenue		74.929	88.829	85.763	93.245	105.847	105.847	74.929	66.537	79.023
Conditions still to be met - transferred to liabilities		32.601	17.659	17.885						
Provincial Government:										
Balance unspent at beginning of the year		105.060	184.666	260.274	133.277	133.277	222.616	180.457	37.072	
Current year receipts		100.000	182.551	59.999	96.046	96.046	96.046	-	-	-
Conditions met - transferred to revenue		20.394	87.021	97.657	153.353	138.205	138.205	143.385	37.072	-
Conditions still to be met - transferred to liabilities		184.666	280.195	222.616	75.970	91.118	180.457	37.072		
District Municipality:										
Balance unspent at beginning of the year			6.937							
Current year receipts										
Conditions met - transferred to revenue		-	6.937	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		(699)		1.045						
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		(699)		1.045						
Total capital transfers and grants revenue		95.324	182.787	183.420	246.598	244.052	244.052	218.314	103.609	79.023
Total capital transfers and grants - CTBM	2	216.568	297.855	241.547	75.970	91.118	180.457	37.072	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		253.444	370.074	515.359	578.728	583.055	581.627	405.391	283.500	249.667
TOTAL TRANSFERS AND GRANTS - CTBM		239.937	297.855	348.323	78.876	91.857	180.457	37.072	-	-

2.8 Councillor and employee benefits

Table 41 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2010/11	2011/12	2010/11	Current Year 2011/12			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	13.779	15.332	16.619	17.269	17.946	17.946	19.023	20.165	21.374
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Sub Total - Councillors	13.779	15.332	16.619	17.269	17.946	17.946	19.023	20.165	21.374
% increase		11.3%	8.4%	3.9%	3.9%	-	6.0%	6.0%	6.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	6.022	5.646	6.432	9.416	9.416	9.416	8.636	9.154	9.703
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	434	620	956	1.155	1.155	1.155	1.036	1.098	1.164
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	6.456	6.266	7.389	10.571	10.571	10.571	9.672	10.252	10.867
0		(2.9%)	17.9%	43.1%	-	-	(8.5%)	6.0%	6.0%
Other Municipal Staff									
Basic Salaries and Wages	129.148	128.709	156.690	207.492	180.195	180.195	215.756	228.701	242.423
Pension and UIF Contributions	27.611	27.794	37.588	44.299	44.299	44.299	45.796	48.544	51.456
Medical Aid Contributions	12.759	14.099	16.358	18.406	18.406	18.406	19.029	20.170	21.381
Overtime	22.672	27.752	27.533	18.467	18.467	18.467	19.091	20.236	21.450
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	6.779	7.343	8.039	8.856	8.856	8.856	9.155	9.705	10.287
Cellphone Allowance	1.215	-	-	2.493	2.493	2.493	2.577	2.732	2.896
Housing Allowances	1.327	1.445	1.334	1.558	1.558	1.558	1.611	1.707	1.810
Other benefits and allowances	3.571	9.951	3.357	8.677	8.677	8.677	8.970	9.509	10.079
Payments in lieu of leave	-	7.450	-	5.936	5.936	5.936	6.137	6.505	6.896
Long service awards	-	1.964	1.559	1.123	1.123	1.123	1.161	1.231	1.304
Post-retirement benefit obligations	-	10.463	-	6.000	6.000	6.000	6.203	6.575	6.969
Sub Total - Other Municipal Staff	205.081	236.971	252.459	323.307	296.011	296.011	335.485	355.615	376.951
0		15.5%	6.5%	28.1%	(8.4%)	-	13.3%	6.0%	6.0%
Total Parent Municipality	225.317	258.570	276.467	351.147	324.528	324.528	364.181	386.032	409.193
		14.8%	6.9%	27.0%	(7.6%)	-	12.2%	6.0%	6.0%
TOTAL SALARY, ALLOWANCES & BENEFITS	225.317	258.570	276.467	351.147	324.528	324.528	364.181	386.032	409.193
0		14.8%	6.9%	27.0%	(7.6%)	-	12.2%	6.0%	6.0%
TOTAL MANAGERS AND STAFF	211.538	243.238	259.848	333.878	306.581	306.581	345.157	365.867	387.819

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		593.283					593.283
Chief Whip			585.458					585.458
Executive Mayor			794.174					794.174
Deputy Executive Mayor			-					-
Executive Committee			5.854.582					5.854.582
Total for all other councillors			11.195.726					11.195.726
Total Councillors	8	-	19.023.224	-	-			19.023.224
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1.625.804			195.096		1.820.900
Chief Finance Officer			1.401.984			168.238		1.570.222
Executive Director: Infrastructure Development			1.401.984			168.238		1.570.222
Executive Director: Community Services			1.401.984			168.238		1.570.222
Executive Director: Shared Services			1.401.984			168.238		1.570.222
Executive Director: Development Planning and Economic Development			1.401.984			168.238		1.570.222
List of each official with packages >= senior manager								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	8.635.725	-	-	1.036.287		9.672.012
A Heading for Each Entity	6,7							
List each member of board by designation								
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	27.658.949	-	-	1.036.287		28.695.236

Table 43 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		56	56		56	56		56	56	
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	7	3		7	3	1	7	7	
Other Managers	7	26	26		26	23		26	26	
Professionals		29	24	–	28	18	–	29	24	–
Finance		5	5		4	3		5	5	
Spatial/town planning		1	1		1	1		1	1	
Information Technology		1	1		1	1		1	1	
Roads		1	1		1	1		1	1	
Electricity		4	4		4	4		4	4	
Water		1	1		1	1		1	1	
Sanitation										
Refuse		1	1		1	1		1	1	
Other		15	10		15	6		15	10	
Technicians		75	57	–	75	59	–	75	57	–
Finance		4	4		4	4		4	4	
Spatial/town planning		6	6		6	6		6	6	
Information Technology		2	2		2	2		2	2	
Roads		2	2		2	2		2	2	
Electricity		5	5		5	5		5	5	
Water		4	4		4	4		4	4	
Sanitation		2	2		2	2		2	2	
Refuse		2	2		2	2		2	2	
Other		48	30		48	32		48	30	
Clerks (Clerical and administrative)		99	85		99	87		99	85	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations		937	937		937	755		937	937	
TOTAL PERSONNEL NUMBERS	9	1.229	1.188	–	1.228	1.001	1	1.229	1.192	–
% increase					(0.1%)	(15.7%)	–	0.1%	19.1%	(100.0%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	123	85		123	85		123	123	
Human Resources personnel headcount	8, 10	24	17		24	17		24	24	

2.9 Monthly targets for revenue, expenditure and cash flow

Table 44 MBRR SA25 - Budgeted monthly revenue and expenditure

GT484 Merafong City - Supporting Table SA25 Budgeted monthly revenue and expenditure

Budget Year 2014/15														Medium Term Revenue and Expenditure Framework		
R thousand														Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source																
Property rates	24.446	24.446	24.446	24.446	24.446	24.446	24.446	24.446	24.446	24.446	24.446	24.446	24.446	293.356	313.891	335.863
Property rates - penalties & collection charges	191	191	191	191	191	191	191	191	191	191	191	191	191	2.293	2.430	2.576
Service charges - electricity revenue	19.910	19.910	19.910	19.910	19.910	19.910	19.910	19.910	19.910	19.910	19.910	19.910	19.910	238.920	255.645	273.540
Service charges - water revenue	21.524	21.524	21.524	21.524	21.524	21.524	21.524	21.524	21.524	21.524	21.524	21.524	21.524	258.285	276.365	295.711
Service charges - sanitation revenue	3.033	3.033	3.033	3.033	3.033	3.033	3.033	3.033	3.033	3.033	3.033	3.033	3.033	36.398	38.582	40.897
Service charges - refuse revenue	4.185	4.185	4.185	4.185	4.185	4.185	4.185	4.185	4.185	4.185	4.185	4.185	4.185	50.225	53.239	56.433
Service charges - other	53	53	53	53	53	53	53	53	53	53	53	53	53	639	677	718
Rental of facilities and equipment	88	88	88	88	88	88	88	88	88	88	88	88	88	1.051	1.114	1.181
Interest earned - external investments	1.497	1.497	1.497	1.497	1.497	1.497	1.497	1.497	1.497	1.497	1.497	1.497	1.497	17.959	19.036	20.178
Interest earned - outstanding debtors	2.491	2.491	2.491	2.491	2.491	2.491	2.491	2.491	2.491	2.491	2.491	2.491	2.491	29.895	31.688	33.590
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	291	291	291	291	291	291	291	291	291	291	291	291	291	3.493	3.703	3.925
Licences and permits	3.166	3.166	3.166	3.166	3.166	3.166	3.166	3.166	3.166	3.166	3.166	3.166	3.166	37.987	40.266	42.682
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	15.590	15.101	15.101	15.101	15.101	15.101	15.101	15.101	15.101	15.101	15.101	15.101	20.482	187.077	179.891	170.644
Other revenue	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	1.016	12.194	12.926	13.701
Gains on disposal of PPE	34	34	34	34	34	34	34	34	34	34	34	34	34	403	428	453
Total Revenue (excluding capital transfers and contributions)	97.515	97.025	97.025	97.025	97.025	97.025	97.025	97.025	97.025	97.025	97.025	97.025	102.407	1.170.174	1.229.880	1.292.091
Expenditure By Type																
Employee related costs	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	345.157	365.867	387.819
Remuneration of councillors	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	19.023	20.165	21.374
Debt impairment	8.737	8.737	8.737	8.737	8.737	8.737	8.737	8.737	8.737	8.737	8.737	8.737	8.737	104.841	105.278	105.119
Depreciation & asset impairment	9.162	9.162	9.162	9.162	9.162	9.162	9.162	9.162	9.162	9.162	9.162	9.162	9.162	109.947	112.146	114.389
Finance charges	834	721	721	721	721	721	721	721	721	721	721	721	1.959	10.008	14.208	17.909
Bulk purchases	29.206	29.206	29.206	29.206	29.206	29.206	29.206	29.206	29.206	29.206	29.206	29.206	29.206	350.469	375.090	401.478
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	104.755	106.850	108.987
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	#####	16.858	16.858	16.858	16.858	16.858	16.858	16.858	16.858	16.858	16.858	16.858	16.858	202.294	206.596	211.336
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	103.875	103.762	103.762	103.762	103.762	103.762	103.762	103.762	103.762	103.762	103.762	103.762	105.000	1.246.494	1.306.200	1.368.411
Surplus/(Deficit)	(6.360)	(6.737)	(6.737)	(6.737)	(6.737)	(6.737)	(6.737)	(6.737)	(6.737)	(6.737)	(6.737)	(6.737)	(2.593)	(76.320)	(76.320)	(76.320)
Transfers recognised - capital	18.193	13.837	13.837	13.837	13.837	13.837	13.837	13.837	13.837	13.837	13.837	13.837	61.749	218.314	103.609	79.023
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	11.833	7.100	7.100	7.100	7.100	7.100	7.100	7.100	7.100	7.100	7.100	7.100	59.157	141.994	27.289	2.703
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	11.833	7.100	7.100	7.100	7.100	7.100	7.100	7.100	7.100	7.100	7.100	59.157	141.994	27.289	2.703

Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

GT484 Merafong City - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Budget Year 2014/15														Medium Term Revenue and Expenditure Framework		
R thousand														Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote																
Municipal Manager	41	41	41	41	41	41	41	41	41	41	41	41	41	496	526	558
Finance	36.067	36.129	36.129	36.129	36.129	36.129	36.129	36.129	36.129	36.129	36.129	36.129	35.451	432.805	480.861	506.588
Economic Development and Planning	29	29	29	29	29	29	29	29	29	29	29	29	29	346	366	388
Chief Operating Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure Development	69.550	69.550	69.550	69.550	69.550	69.550	69.550	69.550	69.550	69.550	69.550	69.550	69.550	834.596	722.770	727.179
Community Services	9.786	9.235	9.235	9.235	9.235	9.235	9.235	9.235	9.235	9.235	9.235	9.235	15.294	117.429	126.000	133.359
Housing	50	50	50	50	50	50	50	50	50	50	50	50	50	596	719	769
Shared Services	185	185	185	185	185	185	185	185	185	185	185	185	185	2.221	2.246	2.273
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	115.707	115.218	115.218	115.218	115.218	115.218	115.218	115.218	115.218	115.218	115.218	115.218	120.600	1.388.489	1.333.489	1.371.114
Expenditure by Vote to be appropriated																
Municipal Manager	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	96.852	102.663	108.823
Finance	17.968	18.030	18.030	18.030	18.030	18.030	18.030	18.030	18.030	18.030	18.030	18.030	17.352	215.617	228.554	242.267
Economic Development and Planning	1.871	1.871	1.871	1.871	1.871	1.871	1.871	1.871	1.871	1.871	1.871	1.871	1.871	22.453	23.800	25.228
Chief Operating Officer	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	1.056	12.677	13.437	14.244
Infrastructure Development	#####	48.784	48.784	48.784	48.784	48.784	48.784	48.784	48.784	48.784	48.784	48.784	48.784	585.407	596.068	605.925
Community Services	20.984	20.433	20.433	20.433	20.433	20.433	20.433	20.433	20.433	20.433	20.433	20.433	26.492	251.803	276.290	302.614
Housing	199	199	199	199	199	199	199	199	199	199	199	199	199	2.386	2.529	2.680
Shared Services	4.942	4.942	4.942	4.942	4.942	4.942	4.942	4.942	4.942	4.942	4.942	4.942	4.942	59.301	62.859	66.631
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	103.875	103.385	103.385	103.385	103.385	103.385	103.385	103.385	103.385	103.385	103.385	103.385	108.767	1.246.494	1.306.200	1.368.411
Surplus/(Deficit) before assoc.																
	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	141.994	27.289	2.703
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	141.994	27.289	2.703

Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

GT484 Merafong City - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description		Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard																	
Governance and administration			36.345	36.407	36.407	36.407	36.407	36.407	36.407	36.407	36.407	36.407	36.407	35.730	436.144	484.294	510.118
Executive and council			41	41	41	41	41	41	41	41	41	41	41	41	496	526	558
Budget and treasury office			36.067	36.129	36.129	36.129	36.129	36.129	36.129	36.129	36.129	36.129	36.129	35.451	432.805	480.861	506.588
Corporate services			237	237	237	237	237	237	237	237	237	237	237	237	2.844	2.906	2.973
Community and public safety			4.199	3.649	3.649	3.649	3.649	3.649	3.649	3.649	3.649	3.649	3.649	9.708	50.393	55.028	58.136
Community and social services			576	131	131	131	131	131	131	131	131	131	131	5.018	6.908	8.931	9.281
Sport and recreation			107	0	0	0	0	0	0	0	0	0	0	1.173	1.284	1.284	1.353
Public safety			3.467	3.467	3.467	3.467	3.467	3.467	3.467	3.467	3.467	3.467	3.467	3.467	41.605	44.095	46.733
Housing			50	50	50	50	50	50	50	50	50	50	50	50	596	719	769
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services			18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	221.907	73.341	38.785
Planning and development			18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	18.492	221.907	73.341	38.785
Road transport			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services			56.670	56.670	56.670	56.670	56.670	56.670	56.670	56.670	56.670	56.670	56.670	56.670	680.044	720.825	764.075
Electricity			23.219	23.219	23.219	23.219	23.219	23.219	23.219	23.219	23.219	23.219	23.219	23.219	278.628	295.346	313.066
Water			24.134	24.134	24.134	24.134	24.134	24.134	24.134	24.134	24.134	24.134	24.134	24.134	289.604	307.086	325.511
Waste water management			3.712	3.712	3.712	3.712	3.712	3.712	3.712	3.712	3.712	3.712	3.712	3.712	44.543	47.089	49.915
Waste management			5.606	5.606	5.606	5.606	5.606	5.606	5.606	5.606	5.606	5.606	5.606	5.606	67.269	71.305	75.583
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard			115.707	115.218	115.218	115.218	115.218	115.218	115.218	115.218	115.218	115.218	115.218	120.600	1.388.489	1.333.489	1.371.114
Expenditure - Standard																	
Governance and administration			34.484	34.546	34.546	34.546	34.546	34.546	34.546	34.546	34.546	34.546	34.546	33.869	413.813	438.642	464.960
Executive and council			8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	8.071	96.852	102.663	108.823
Budget and treasury office			17.968	18.030	18.030	18.030	18.030	18.030	18.030	18.030	18.030	18.030	18.030	17.352	215.617	228.554	242.267
Corporate services			8.445	8.445	8.445	8.445	8.445	8.445	8.445	8.445	8.445	8.445	8.445	8.445	101.344	107.424	113.870
Community and public safety			16.551	16.000	16.000	16.000	16.000	16.000	16.000	16.000	16.000	16.000	16.000	22.060	198.614	219.910	242.852
Community and social services			4.237	3.793	3.793	3.793	3.793	3.793	3.793	3.793	3.793	3.793	3.793	8.679	50.843	61.994	74.113
Sport and recreation			3.546	3.439	3.439	3.439	3.439	3.439	3.439	3.439	3.439	3.439	3.439	4.611	42.547	46.379	50.508
Public safety			8.570	8.570	8.570	8.570	8.570	8.570	8.570	8.570	8.570	8.570	8.570	8.570	102.839	109.009	115.550
Housing			199	199	199	199	199	199	199	199	199	199	199	199	2.386	2.529	2.680
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services			7.080	7.080	7.080	7.080	7.080	7.080	7.080	7.080	7.080	7.080	7.080	7.080	84.956	90.054	95.457
Planning and development			#####	2.506	2.506	2.506	2.506	2.506	2.506	2.506	2.506	2.506	2.506	2.506	30.075	31.879	33.792
Road transport			4.573	4.573	4.573	4.573	4.573	4.573	4.573	4.573	4.573	4.573	4.573	4.573	54.881	58.174	61.665
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services			45.759	45.759	45.759	45.759	45.759	45.759	45.759	45.759	45.759	45.759	45.759	45.759	549.111	557.595	565.143
Electricity			19.966	19.966	19.966	19.966	19.966	19.966	19.966	19.966	19.966	19.966	19.966	19.966	239.592	229.504	217.367
Water			18.562	18.562	18.562	18.562	18.562	18.562	18.562	18.562	18.562	18.562	18.562	18.562	222.742	236.106	250.272
Waste water management			2.600	2.600	2.600	2.600	2.600	2.600	2.600	2.600	2.600	2.600	2.600	2.600	31.204	33.076	35.060
Waste management			4.631	4.631	4.631	4.631	4.631	4.631	4.631	4.631	4.631	4.631	4.631	4.631	55.574	58.908	62.443
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard			103.875	103.385	103.385	103.385	103.385	103.385	103.385	103.385	103.385	103.385	103.385	108.767	1.246.494	1.306.200	1.368.411
Surplus/(Deficit) before assoc.			11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	141.994	27.289	2.703
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)			1	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	11.833	141.994	27.289	2.703

Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

GT484 Merafong City - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Multi-year expenditure to be appropriated	1															
Municipal Manager													-	-	-	-
Finance													-	-	-	-
Economic Development and Planning													-	-	-	-
Chief Operating Officer													-	-	-	-
Infrastructure Development													-	-	-	-
Community Services													-	-	-	-
Housing													-	-	-	-
Shared Services													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Municipal Manager													-	-	-	-
Finance		416668	417	417	417	417	417	417	417	417	417	417	417	5.000	5.000	5.000
Economic Development and Planning		79573	80	80	80	80	80	80	80	80	80	80	80	955	-	4.450
Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure Development		23560312	23.560	23.560	23.560	23.560	23.560	23.560	23.560	23.560	23.560	23.560	23.560	282.724	107.808	88.024
Community Services		500	500	500	500	500	500	500	500	500	500	500	500	6.000	43.253	20.049
Housing													-	-	-	-
Shared Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	2	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	294.679	156.061	117.523
Total Capital Expenditure	2	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	294.679	156.061	117.523

Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

GT484 Merafong City - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		417	417	417	417	417	417	417	417	417	417	417	417	5.000	5.000	5.000
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		417	417	417	417	417	417	417	417	417	417	417	417	5.000	5.000	5.000
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		375	125	125	125	125	125	125	125	125	125	125	2.875	4.500	21.750	10.503
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.003
Sport and recreation		375	125	125	125	125	125	125	125	125	125	125	2.875	4.500	21.750	4.500
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		18.860	18.860	18.860	18.860	18.860	18.860	18.860	18.860	18.860	18.860	18.860	18.860	226.314	39.806	4.450
Planning and development		80	80	80	80	80	80	80	80	80	80	80	80	955	-	4.450
Road transport		18.780	18.780	18.780	18.780	18.780	18.780	18.780	18.780	18.780	18.780	18.780	18.780	225.359	39.806	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		4.905	4.905	4.905	4.905	4.905	4.905	4.905	4.905	4.905	4.905	4.905	4.905	58.865	89.506	97.569
Electricity		3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	3.825	45.900	55.550	57.154
Water		955	955	955	955	955	955	955	955	955	955	955	955	11.465	12.452	13.500
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.371
Waste management		125	125	125	125	125	125	125	125	125	125	125	125	1.500	21.503	9.546
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	24.557	24.307	24.307	24.307	24.307	24.307	24.307	24.307	24.307	24.307	24.307	27.057	294.679	156.061	117.523
Funded by:																
National Government		6.244	18.193	18.193	18.193	18.193	18.193	18.193	18.193	18.193	18.193	18.193	(113.243)	74.929	66.537	79.023
Provincial Government		11.949	-	-	-	-	-	-	-	-	-	-	131.436	143.385	37.072	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		18.193	18.193	18.193	18.193	18.193	18.193	18.193	18.193	18.193	18.193	18.193	18.193	218.314	103.609	79.023
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		4.658	4.658	4.658	4.658	4.658	4.658	4.658	4.658	4.658	4.658	4.658	4.658	55.900	35.000	20.000
Internally generated funds		1.705	1.705	1.705	1.705	1.705	1.705	1.705	1.705	1.705	1.705	1.705	1.705	20.465	17.452	18.500
Total Capital Funding		24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	24.557	294.679	156.061	117.523

Table 49 MBRR SA30 - Budgeted monthly cash flow

GT484 Merafong City - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Cash Receipts By Source															
Property rates	21390524	21390524	21390524	21390524	21390524	21390524	21390524	21390524	21390524	21390524	21390524	21.391	256.686	276.774	298.905
Property rates - penalties & collection charges	191059	191059	191059	191059	191059	191059	191059	191059	191059	191059	191059	191	2.293	2.430	2.576
Service charges - electricity revenue	17421281	17421281	17421281	17421281	17421281	17421281	17421281	17421281	17421281	17421281	17421281	17.421	209.055	225.780	243.675
Service charges - water revenue	19546096	19546096	19546096	19546096	19546096	19546096	19546096	19546096	19546096	19546096	19546096	19.546	234.553	252.633	271.979
Service charges - sanitation revenue	2654005	2654005	2654005	2654005	2654005	2654005	2654005	2654005	2654005	2654005	2654005	2.654	31.848	34.032	36.347
Service charges - refuse revenue	3662262	3662262	3662262	3662262	3662262	3662262	3662262	3662262	3662262	3662262	3662262	3.662	43.947	46.961	50.155
Service charges - other	53219	53219	53219	53219	53219	53219	53219	53219	53219	53219	53219	53	639	677	718
Rental of facilities and equipment	87597	87597	87597	87597	87597	87597	87597	87597	87597	87597	87597	88	1.051	1.114	1.181
Interest earned - external investments	1496548	1496548	1496548	1496548	1496548	1496548	1496548	1496548	1496548	1496548	1496548	1.497	17.959	19.036	20.178
Interest earned - outstanding debtors	2178979	2178979	2178979	2178979	2178979	2178979	2178979	2178979	2178979	2178979	2178979	2.171	26.148	27.951	29.853
Dividends received	0	0	0	0	0	0	0	0	0	0	0	0	—	—	—
Fines	291096	291096	291096	291096	291096	291096	291096	291096	291096	291096	291096	291	3.493	3.703	3.925
Licences and permits	3165556	3165556	3165556	3165556	3165556	3165556	3165556	3165556	3165556	3165556	3165556	3.166	37.987	40.266	42.682
Agency services	0	0	0	0	0	0	0	0	0	0	0	—	—	—	—
Transfer receipts - operational	0	62359000	0	0	62359000	0	0	62359000	0	0	0	—	187.077	179.891	170.644
Other revenue	1016181	1016181	1016181	1016181	1016181	1016181	1016181	1016181	1016181	1016181	1016181	1.016	12.194	12.926	13.701
Cash Receipts by Source	73.154	88.256	88.256	88.256	88.256	88.256	88.256	88.256	88.256	88.256	88.256	73.146	1.064.930	1.124.174	1.186.519
Other Cash Flows by Source															
Transfer receipts - capital		24.796			24.796			24.796				540	74.929	66.537	79.023
Contributions recognised - capital & Contributed assets												—	—	—	—
Proceeds on disposal of PPE												403	403	428	453
Short term loans												—	—	—	—
Borrowing long term/refinancing						30.000						25.900	55.900	35.000	20.000
Increase (decrease) in consumer deposits												—	—	—	—
Decrease (Increase) in non-current debtors												—	—	—	—
Decrease (increase) other non-current receivables												—	—	—	—
Decrease (increase) in non-current investments												—	—	—	—
Total Cash Receipts by Source	73.154	113.052	88.256	88.256	113.052	118.256	88.256	113.052	88.256	88.256	88.256	99.989	1.196.162	1.226.139	1.285.995
Cash Payments by Type															
Employee related costs	28763121	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	28.763	345.157	365.867	387.819
Remuneration of councillors	1585269	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	1.585	19.023	20.165	21.374
Finance charges	833988	721	721	721	721	721	721	721	721	721	721	1.959	10.008	14.208	17.909
Bulk purchases - Electricity	24534131	24.534	11.201	11.201	11.201	11.201	11.201	11.201	11.201	11.201	11.201	24.534	174.410	188.467	203.657
Bulk purchases - Water & Sewer	14671608	14.672	14.672	14.672	14.672	14.672	14.672	14.672	14.672	14.672	14.672	14.672	176.059	186.623	197.820
Other materials	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services	8729605	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	8.730	104.755	106.850	108.987
Transfers and grants - other municipalities	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure	15152410	15.265	15.265	15.265	15.265	15.265	15.265	15.265	15.265	15.265	15.265	14.027	181.829	85.535	113.813
Cash Payments by Type	94.270	94.270	80.937	80.937	80.937	80.937	80.937	80.937	80.937	80.937	80.937	94.270	1.011.242	967.715	1.051.380
Other Cash Flows/Payments by Type															
Capital assets	24556552	24556552	24556552	24556552	24556552	24556552	24556552	24556552	24556552	24556552	24556552	24.557	294.679	156.061	117.523
Repayment of borrowing	675000	675000	675000	675000	675000	675000	675000	675000	675000	675000	675000	675	8.100	11.827	18.679
Other Cash Flows/Payments															
Total Cash Payments by Type	119.502	119.502	106.168	106.168	106.168	106.168	106.168	106.168	106.168	106.168	106.168	119.502	1.314.020	1.135.603	1.187.581
NET INCREASE/(DECREASE) IN CASH HELD	(46.347)	(6.450)	(17.913)	(17.913)	6.884	12.087	(17.913)	6.884	(17.913)	(17.913)	(17.913)	(19.513)	(117.858)	90.536	98.413
Cash/cash equivalents at the month/year begin:	226.364	180.017	173.567	155.655	137.742	144.626	156.713	138.800	145.684	127.772	109.859	91.946	226.364	108.506	199.041
Cash/cash equivalents at the month/year end:	180.017	173.567	155.655	137.742	144.626	156.713	138.800	145.684	127.772	109.859	91.946	72.434	108.506	199.041	297.455

2.10 Contracts having future budgetary implications

In terms of Councils Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 50 MBRR SA 34a - Capital expenditure on new assets by asset class

GT484 Merafong City - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand	1										
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure	2 3 7 8 9 10	69.157	89.613	160.807	304.892	235.016	235.016	282.724	107.808	88.024	
Infrastructure - Road transport		33.848	30.418	67.824	224.323	164.481	164.481	225.359	39.806	-	
Roads, Pavements & Bridges		33.848	30.418	67.824	224.323	164.481	164.481	225.359	39.806		
Storm water						-					
Infrastructure - Electricity		16.308	6.987	24.221	56.485	32.235	32.235	45.900	55.550	57.154	
Generation						-	-				
Transmission & Reticulation		16.308	6.987	24.221	52.835	31.235	31.235	42.900	45.000	40.000	
Street Lighting					3.650	1.000	1.000	3.000	10.550	17.154	
Infrastructure - Water		13.855	19.853	55.616	2.642	7.110	7.110	11.465	12.452	13.500	
Dams & Reservoirs					2.000	1.163	1.163				
Water purification		13.855	19.853	55.616	642	642	642				
Reticulation						5.305	5.305	11.465	12.452	13.500	
Infrastructure - Sanitation		5.146	31.575	13.146	16.885	22.829	22.829	-	-	17.371	
Reticulation		5.146	31.575	13.146	11.385	17.329	17.329				
Sewerage purification					5.500	5.500	5.500			17.371	
Infrastructure - Other		-	780	-	4.557	8.361	8.361	-	-	-	
Waste Management			780		4.557	8.361	8.361				
Transportation						-	-				
Gas						-	-				
Other						-	-				
Community			16.586	10.183	11.156	8.500	10.340	10.340	4.500	21.750	10.503
Parks & gardens						-	-	3.000			
Sportsfields & stadia		661	189		4.400	7.590	7.590	1.500	21.750	4.500	
Swimming pools						-	-				
Community halls			570			-	-				
Libraries		3.656	2.929			-	-			6.003	
Recreational facilities						-	-				
Fire, safety & emergency	1.857	6.495	11.156	3.100	1.750	1.750					
Security and policing					-	-					
Buses					-	-					
Clinics					-	-					
Museums & Art Galleries					-	-					
Cemeteries	10.413			1.000	1.000	1.000					
Social rental housing					-	-					
Other					-	-					
Heritage assets		-	-	-	-	-	-	-	-		
Buildings											
Other											
Investment properties		-	-	-	-	-	-	-	-		
Housing development											
Other											
Other assets		28.072	8.584	22.829	22.706	42.346	42.346	7.455	26.503	18.996	
General vehicles	1.062	506	45								
Specialised vehicles	-	-	-		-	-	-	-	-	-	
Plant & equipment	934	1.366	383		600	(0)	(0)				
Computers - hardware/equipment	1.575	316	860								
Furniture and other office equipment	3.104	2.343	2.252	600	600	600	5.000	5.000	5.000		
Abattoirs					-	-					
Markets					-	-					
Civic Land and Buildings	9.927		9.236	1.400							
Other Buildings	6.442	4.054	4.859	5.656	14.753	14.753	2.455	21.503	13.996		
Other Land	5.026		5.194	12.450	24.993	24.993					
Surplus Assets - (Investment or Inventory)					-	-					
Other				2.000	2.000	2.000					
Agricultural assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Biological assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Intangibles		680	19	-	575	1.175	1.175	-	-	-	
Computers - software & programming		680	19		575	1.175	1.175				
Other (list sub-class)											
Total Capital Expenditure on new assets	1	114.496	108.399	194.792	336.673	288.877	288.877	294.679	156.061	117.523	

Table 51 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	15.500	3.000	3.000	-	-	-
Infrastructure - Road transport		-	-	-	5.000	-	-	-	-	-
Roads, Pavements & Bridges					5.000					
Storm water										
Infrastructure - Electricity		-	-	-	1.500	500	500	-	-	-
Generation										
Transmission & Reticulation					1.500	500	500			
Street Lighting										
Infrastructure - Water		-	-	-	500	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation					500					
Infrastructure - Sanitation		-	-	-	7.000	1.000	1.000	-	-	-
Reticulation										
Sewerage purification					7.000	1.000	1.000			
Infrastructure - Other		-	-	-	1.500	1.500	1.500	-	-	-
Waste Management					1.500	1.500	1.500			
Transportation	2									
Gas	3									
Other										
Community		-	-	-	780	780	780	-	-	-
Parks & gardens										
Sportsfields & stadia					780	780	780			
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	2.000	350	350	-	-	-
General vehicles										
Specialised vehicles	10				-	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings					650					
Other Buildings					1.350	350	350			
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on renewal of existing assets	1	-	-	-	18.280	4.130	4.130	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	5.1%	1.4%	1.4%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	17.1%	3.9%	3.9%	0.0%	0.0%	0.0%

Table 52 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand	1										
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	14.620	24.433	22.539	17.948	63.701	63.701	36.796	39.004	41.344	
Infrastructure - Road transport		3.348	8.116	11.132	7.781	42.278	42.278	9.066	9.610	10.186	
Roads, Pavements & Bridges		3.348	8.116	11.132	7.781	42.278	42.278	9.066	9.610	10.186	
Storm water		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		2.340	4.280	3.384	2.328	4.495	4.495	6.010	6.370	6.752	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		2.340	4.280	3.384	2.328	4.495	4.495	6.010	6.370	6.752	
Street Lighting		-	-	-	-	-	-	-	-	-	
Infrastructure - Water		2.145	3.001	2.523	4.762	8.993	8.993	16.171	17.141	18.170	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		-	-	-	2.343	3.013	3.013	-	-	-	
Reticulation		2.145	3.001	2.523	2.419	5.980	5.980	16.171	17.141	18.170	
Infrastructure - Sanitation		5.507	7.439	4.904	1.852	5.320	5.320	5.542	5.874	6.226	
Reticulation		-	-	-	1.852	5.320	5.320	2.000	2.120	2.247	
Sewerage purification		5.507	7.439	4.904	-	-	-	3.542	3.754	3.979	
Infrastructure - Other		1.279	1.597	595	1.225	2.615	2.615	9	9	10	
Waste Management		1.279	1.597	595	1.223	2.613	2.613	-	-	-	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		3	-	-	-	2	2	2	9	9	10
Community		7	3.257	2.746	4.445	5.765	9.593	9.593	-	-	-
Parks & gardens			-	-	-	1.339	2.533	2.533	-	-	-
Sportsfields & stadia			2.140	1.599	3.267	697	309	309	-	-	-
Swimming pools			-	199	-	-	-	-	-	-	-
Community halls			-	-	-	3.104	3.439	3.439	-	-	-
Libraries	56		82	35	100	42	42	-	-	-	
Recreational facilities	-		-	-	-	-	-	-	-	-	
Fire, safety & emergency	-		-	-	-	-	-	-	-	-	
Security and policing	879		846	1.143	253	3.018	3.018	-	-	-	
Buses	-		-	-	-	-	-	-	-	-	
Clinics	-		-	-	-	-	-	-	-	-	
Museums & Art Galleries	-		-	-	-	-	-	-	-	-	
Cemeteries	50		20	-	77	57	57	-	-	-	
Social rental housing	8		132	-	-	-	-	-	-	-	
Other	-		-	-	196	196	196	-	-	-	
Heritage assets	9	-	-	-	427	428	428	-	-	-	
Buildings		-	-	-	409	409	409	-	-	-	
Other		-	-	-	18	19	19	-	-	-	
Investment properties	10	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets	10	4.712	7.562	15.295	196	11.074	11.074	5.808	6.157	6.526	
General vehicles		-	-	9.056	-	7.971	7.971	-	-	-	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		1.203	1.288	1.656	-	-	-	-	-	-	
Computers - hardware/equipment		-	-	-	100	1.175	1.175	-	-	-	
Furniture and other office equipment		-	-	44	13	13	13	7	7	7	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		3.509	6.274	4.538	-	-	-	-	-	-	
Other Buildings		-	-	-	52	1.905	1.905	5.802	6.150	6.519	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		-	-	-	31	10	10	-	-	-	
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	
Computers - software & programming		-	-	-	-	-	-	-	-	-	
Other (List sub-class)		-	-	-	-	-	-	-	-	-	
Total Repairs and Maintenance Expenditure	1	22.589	34.741	42.279	24.336	84.796	84.796	42.605	45.161	47.871	
Specialised vehicles											
Refuse		-	-	-	-	-	-	-	-	-	
Fire		-	-	-	-	-	-	-	-	-	
Conservancy		-	-	-	-	-	-	-	-	-	
Ambulances		-	-	-	-	-	-	-	-	-	
R&M as a % of PPE		0.9%	1.2%	1.5%	0.8%	2.8%	2.8%	1.3%	1.4%	1.5%	
R&M as % Operating Expenditure		2.7%	4.0%	3.6%	1.6%	5.4%	5.4%	2.9%	3.2%	3.3%	

Table 53 MBRR SA36 - Detailed capital budget per municipal vote

GT484 Merafong City - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project Information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality:																
Infrastructure Assets		Fochville Bulk Substation – ESKOM		1	No	Electricity	Transmission & Reticalulation		12.900			7.900	5.000	–		New
Infrastructure Assets		Khutsong South Extensions Electrification Ph3 2,595 stands		1	No	Electricity	Electricity		31.400			6.000	10.000	15.400		New
Infrastructure Assets		Bulk supply Khutsong South secondary network		1	No	Electricity	Transmission & Reticalulation		4.600			–	–	4.600		New
Infrastructure Assets		Fochville Main Substation Upgrade		1	No	Electricity	Transmission & Reticalulation		15.000			15.000	–	–		New
Infrastructure Assets		Khutsong South Bulk Substation - ESKOM		1	No	Electricity	Transmission & Reticalulation		60.000			10.000	30.000	20.000		New
Infrastructure Assets		Street lights Merafong (Phase 2)		1	No	Electricity	Street Lighting		27.273			3.000	10.550	13.723		New
Infrastructure Assets		Street lights conversion (Phase 2)		1	No	Electricity	Street Lighting		3.431			–	–	3.431		New
Infrastructure Assets		Energy Efficient Demand Management		1	No	Electricity	Transmission & Reticalulation		4.000			4.000	–	–		New
Infrastructure Assets		Water Conservation and Water Demand Management Programme implementation.		1	No	Water	Reticalulation		5.370			5.370	–	–		New
Infrastructure Assets		Rehabilitation of Khutsong Water Services		1	No	Sanitation	Reticalulation		32.047			6.095	12.452	13.500		New
Infrastructure Assets		Access Road to Kokosi new WWTP		1	No	Sanitation	Sewerage purification		17.371			–	–	17.371		New
Community Assets		Study Facility for Fochville Library		1	No	Community Assets	Libraries		6.003			–	–	6.003		New
Community Assets		Khutsong Multi-Purpose Community Centre		1	No	Community Assets	Sportsfields & stadia		27.750			1.500	21.750	4.500		New
Infrastructure Assets		Construction of New Roads in Kokosi		1	No	Roads and Stormwater	Roads, Pavements & Bridges		5.000			–	–	–		New
Infrastructure Assets		Construction of New Roads in Khutsong Township		1	No	Roads and Stormwater	Roads, Pavements & Bridges		15.000			–	–	–		New
Infrastructure Assets		Construction of New Roads in Wedela Township		1	No	Roads and Stormwater	Roads, Pavements & Bridges		3.000			3.000	–	–		New
Infrastructure Assets		Greenspark Ext 1 Roads and Stormwater		1	No	Roads and Stormwater	Roads, Pavements & Bridges		23.100			23.100	–	–		New
Infrastructure Assets		Kokosi Ext 5 Ring Road (Phase 2)		1	No	Roads and Stormwater	Roads, Pavements & Bridges		27.874			27.874	–	–		New
Infrastructure Assets		Fencing of Airfield		1	No	Roads and Stormwater	Roads, Pavements & Bridges		2.734			–	2.734	–		New
Infrastructure Assets		Construction of Taxi Drop-off Zones (Phase 2)		1	No	Roads and Stormwater	Roads, Pavements & Bridges		2.980			2.980	–	–		New
Infrastructure Assets		Khut South: Construction of Road over Rail Bridge and Upgrading of P89-1 (Phase 1)		1	No	Roads and Stormwater	Roads, Pavements & Bridges		154.732			117.660	37.072	–		New
Infrastructure Assets		Bulk Stormwater Western Canal		1	No	Roads and Stormwater	Roads, Pavements & Bridges		29.745			–	–	–		New
Infrastructure Assets		Bridge: Wedela over culverts		1	No	Roads and Stormwater	Roads, Pavements & Bridges		1.000			–	–	–		New
Community Assets		Construction of Carletonville Waste Management Depot		1	No	Community Assets	Other Buildings		–			–	–	–		New
Community Assets		Upgrading of Access Road to Carletonville Landfill Site		1	No	Community Assets	Other Buildings		27.309			1.500	21.503	4.306		New
Community Assets		Informal Trading Area – Carletonville (Phase 2)		3	No	LED	Other Buildings		–			–	–	–		New
Community Assets		Business Hive - Wedela (Phase 2)		3	No	LED	Other Buildings		955			955	–	–		New
Community Assets		Park Development										1.500	–	–		New
Community Assets		Informal sportsfields: Greenspark and Khutsong										1.500	–	–		New
Other Assets		Furniture and Fittings		5	Yes	Other Assets	Furniture and other office equipment		15.000			5.000	5.000	5.000		New
Parent Capital expenditure	1								554.573			294.679	156.061	107.833		

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.
- Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
- Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
- Audit Committee
An Audit Committee has been established and is fully functional.
- Service Delivery and Implementation Plan
The detail SDBIP document will be tabled together with the annual budget
- Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.13 Other supporting documents

Table 54 MBRR Table SA1 - Supporting detail to budgeted financial performance

GT484 Merafong City - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		97.147	105.178	291.433	320.734	308.896	308.896		326.801	350.336	375.308
less Revenue Foregone		18.213	19.222	30.337	33.445	33.445	33.445		33.445	36.445	39.445
Net Property Rates		78.933	85.957	261.097	287.289	275.451	275.451	-	293.356	313.891	335.863
Service charge	6										
Total Service charges - elect		158.090	182.143	208.006	234.643	224.442	224.442		270.314	289.569	310.198
less Revenue Foregone									31.394	33.924	36.658
Net Service charges - elect		158.090	182.143	208.006	234.643	224.442	224.442	-	238.920	255.645	273.540
Service charge	6										
Total Service charges - water		199.372	199.514	206.733	225.276	213.082	213.082		297.018	317.422	339.231
less Revenue Foregone									38.733	41.057	43.520
Net Service charges - water		199.372	199.514	206.733	225.276	213.082	213.082	-	258.285	276.365	295.711
Service charges - sanitation revenue											
Total Service charges - sanit		19.696	20.298	22.798	31.384	33.102	33.102		36.398	38.582	40.897
less Revenue Foregone											
Net Service charges - sanit		19.696	20.298	22.798	31.384	33.102	33.102	-	36.398	38.582	40.897
Service charge	6										
Total refuse removal revenue		25.064	33.894	34.442	37.077	38.465	38.465		50.225	53.239	56.433
Total landfill revenue		-									
less Revenue Foregone		-									
Net Service charges - refuse		25.064	33.894	34.442	37.077	38.465	38.465	-	50.225	53.239	56.433
Other Revenue by source											
List other revenue by source		8.664	6.496	9.095	9.268	11.504	11.504		12.194	12.926	13.701
Total 'Other'	1	8.664	6.496	9.095	9.268	11.504	11.504	-	12.194	12.926	13.701
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries	2	137.796	134.356	163.123	216.909	202.997	202.997		224.391	237.855	252.126
Pension and UIF Contributions		28.825	27.794	37.588	44.299	37.138	37.138		45.796	48.544	51.456
Medical Aid Contributions		12.759	14.099	16.358	18.406	15.656	15.656		19.029	20.170	21.381
Overtime		22.672	27.752	27.533	18.467	17.937	17.937		19.091	20.236	21.450
Performance Bonus		434	620	956	1.155	1.155	1.155		1.036	1.098	1.164
Motor Vehicle Allowance		7.723	7.343	8.039	8.856	10.676	10.676		9.155	9.705	10.287
Cellphone Allowance		-			2.493	2.493	2.493		2.577	2.732	2.896
Housing Allowances		1.327	1.445	1.334	1.558	703	703		1.611	1.707	1.810
Other benefits and allowances		-	9.951	3.357	8.677	6.217	6.217		8.970	9.509	10.079
Payments in lieu of leave		-	7.450		5.936	4.486	4.486		6.137	6.505	6.896
Long service awards		-	1.964	1.559	1.123	1.123	1.123		1.161	1.231	1.304
Post-retirement	4		10.463		6.000	6.000	6.000		6.203	6.575	6.969
sub-total	5	211.537	243.238	259.848	333.879	306.581	306.581	-	345.157	365.867	387.819
Less: Employees costs capitalised to PPE											
Total Employee	1	211.537	243.238	259.848	333.879	306.581	306.581	-	345.157	365.867	387.819

GT484 Merafong City - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand												
Contributions recognised - capital												
List contributions by contract												
Total Contributions recognise		-	-	-	-	-	-	-	-	-	-	
Depreciation & asset impairment												
Depreciation of Property, Plant		144.674	156.220	180.531	107.100	107.100	107.100		109.947	112.146	114.389	
Lease amortisation												
Capital asset impairment												
Depreciation of		10	62.532	61.124	77.865							
Total Depreciat		1	82.142	95.096	102.666	107.100	107.100	107.100	-	109.947	112.146	114.389
Bulk purchases												
Electricity Bulk Purchases			105.305	135.716	148.103	175.201	161.401	161.401		174.410	188.467	203.657
Water Bulk Purchases			122.343	131.381	136.349	154.334	162.867	162.867		176.059	186.623	197.820
Total bulk purch		1	227.648	267.097	284.452	329.535	324.268	324.268	-	350.469	375.090	401.478
Transfers and grants												
Cash transfers and grants			-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants			-	-	-	-	-	-	-	-	-	-
Total transfers		1	-	-	-	-	-	-	-	-	-	-
Contracted services												
List services provided by contract			36.344	51.289	64.748	72.401	100.726	100.726		104.755	106.850	108.987
sub-total		1	36.344	51.289	64.748	72.401	100.726	100.726	-	104.755	106.850	108.987
Allocations to organs of state:												
Electricity												
Water												
Sanitation												
Other												
Total contracted services			36.344	51.289	64.748	72.401	100.726	100.726	-	104.755	106.850	108.987
Other Expenditure By Type												
Collection costs			689	455	3.084	394	430	430		456	483	512
Contributions to 'other' provision			-	8.123			-	-				
Consultant fees			4.446	11.793			-	-				
Audit fees			-	2.897			-	-				
General expenditure		3	92.127	74.592	56.094	594.174	626.646	626.646		112.953	116.134	115.446
Capital out of own Revenue			22.619	34.742						20.465	17.452	18.500
Repairs and Maintenance			55.614		42.279					42.605	45.161	47.871
Low Cost Housing												
Indigent Subsidies					134.358					25.816	27.365	29.007
Fulfillment of Capital Grants												
Total 'Other' Expenditure		1	175.495	132.602	235.815	594.568	627.076	627.076	-	202.294	206.596	211.336
Repairs and Maintenance by Expenditure Item												
Employee related costs		8										
Other materials												
Contracted Services												
Other Expenditure			22.589	34.741								
Total Repairs and Maintenance		9	22.589	34.741	-	-	-	-	-	-	-	-

Table 55 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

GT484 Merafong City - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Municipal Manager	Finance	Economic Development and Planning	Chief Operating Officer	Infrastructure Development	Community Services	Housing	Shared Services	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates			293.356														293.356
Property rates - penalties & collection charges			2.293														2.293
Service charges - electricity revenue						238.920											238.920
Service charges - water revenue						258.285											258.285
Service charges - sanitation revenue						36.398											36.398
Service charges - refuse revenue							50.628										50.628
Service charges - other								639									639
Rental of facilities and equipment							1.051										1.051
Interest earned - external investments			17.959														17.959
Interest earned - outstanding debtors			29.895														29.895
Dividends received																	-
Fines							3.493										3.493
Licences and permits							37.987										37.987
Agency services																	-
Other revenue																	-
Transfers recognised - operational			56.429			115.729	14.918										187.077
Gains on disposal of PPE			12.194														12.194
Total Revenue (excluding capital transfers and contributions)		-	412.125	-	-	649.333	108.077	639	-	-	-	-	-	-	-	-	1.170.174
Expenditure By Type																	
Employee related costs		5.510	18.395	5.391	17.120	136.541	147.637	3.573	10.990								345.157
Remuneration of councillors		19.023															19.023
Debt impairment			36.669			68.172											104.841
Depreciation & asset impairment			9.188			83.785	16.974										109.947
Finance charges			10.008														10.008
Bulk purchases						350.469											350.469
Other materials																	-
Contracted services		38.639	25.314	2.258	213	821	36.034	474	1.003								104.755
Transfers and grants																	-
Other expenditure		21.853	18.631	2.108	864	84.961	52.785		21.091								202.293
Loss on disposal of PPE																	-
Total Expenditure		85.026	118.205	9.757	18.197	724.748	253.430	4.047	33.084	-	-	-	-	-	-	-	1.246.494
Surplus/(Deficit)		(85.026)	293.921	(9.757)	(18.197)	(75.416)	(145.353)	(3.408)	(33.084)	-	-	-	-	-	-	-	(76.320)
Transfers recognised - capital																	-
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		(85.026)	293.921	(9.757)	(18.197)	(75.416)	(145.353)	(3.408)	(33.084)	-	-	-	-	-	-	-	(76.320)

Table 56 MBRR Table SA3 – Supporting detail to Statement of Financial Position

GT484 Merafong City - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
ASSETS										
<u>Call investment deposits</u>										
Call deposits < 90 days										
Other current investments > 90 days										
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-
<u>Consumer debtors</u>										
Consumer debtors		522.566	626.147	793.169	972.559	972.559	879.993	984.834	1.090.112	1.195.232
Less: Provision for debt impairment		(401.380)	(449.488)	(610.810)	(795.900)	(787.325)	(697.635)	(802.476)	(907.754)	(1.012.874)
Total Consumer debtors	2	121.186	176.659	182.358	176.659	185.234	182.358	182.358	182.358	182.358
<u>Debt impairment provision</u>										
Balance at the beginning of the year		(373.526)	(405.357)	(449.488)	(700.500)	(700.500)	(610.810)	(697.635)	(802.476)	(907.754)
Contributions to the provision		(27.854)	(44.131)	(188.533)	(95.399)	(86.825)	(86.825)	(104.841)	(105.278)	(105.119)
Bad debts written off				27.210						
Balance at end of year		(401.380)	(449.488)	(610.810)	(795.900)	(787.325)	(697.635)	(802.476)	(907.754)	(1.012.874)
<u>Property, plant and equipment (PPE)</u>										
PPE at cost/valuation (excl. finance leases)		3.893.038	4.318.396	4.395.409	4.668.403	4.606.457	4.688.416	4.983.095	5.139.156	5.256.679
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		1.424.474	1.530.449	1.591.391	1.589.909	1.589.909	1.698.491	1.808.438	1.920.583	2.034.972
Total Property, plant and equipment (PPE)	2	2.468.564	2.787.946	2.804.018	3.078.494	3.016.548	2.989.926	3.174.657	3.218.573	3.221.707
LIABILITIES										
<u>Current liabilities - Borrowing</u>										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities		30.486	25.641	8.523	11.986	11.986	8.100	8.100	11.827	18.679
Total Current liabilities - Borrowing		30.486	25.641	8.523	11.986	11.986	8.100	8.100	11.827	18.679
<u>Trade and other payables</u>										
Trade and other creditors		80.847	112.699	146.721	151.274	140.839	114.217	88.806	92.530	95.400
Unspent conditional transfers		239.950	305.719	348.323	78.876	91.857	150.385	37.072	-	-
VAT		41.602	47.395	43.483	55.419	55.419	55.419	62.623	70.765	79.964
Total Trade and other payables	2	362.399	465.814	538.526	285.569	288.115	320.021	188.502	163.294	175.364
<u>Non current liabilities - Borrowing</u>										
Borrowing	4	62.978	56.016	45.684	105.606	72.006	75.959	124.653	144.994	140.358
Finance leases (including PPP asset element)		1.470	1.990	2.329	15.446	15.446	1.755	861	-	-
Total Non current liabilities - Borrowing		64.448	58.006	48.013	121.052	87.452	77.714	125.514	144.994	140.358
<u>Provisions - non-current</u>										
Retirement benefits		67.235	77.471	85.717	90.396	90.396	90.397	96.397	102.397	108.397
List other major provision items										
Refuse landfill site rehabilitation		10.026	11.615	13.093	12.647	12.647	12.647	12.647	12.647	12.647
Other										
Total Provisions - non-current		77.261	89.086	98.810	103.043	103.043	103.044	109.044	115.044	121.044
CHANGES IN NET ASSETS										
<u>Accumulated Surplus/(Deficit)</u>										
Accumulated Surplus/(Deficit) - opening balance		2.329.464	2.582.689	2.644.106	3.011.414	2.949.653	2.751.314	2.890.535	3.032.530	3.059.819
GRAP adjustments										
Restated balance		2.329.464	2.582.689	2.644.106	3.011.414	2.949.653	2.751.314	2.890.535	3.032.530	3.059.819
Surplus/(Deficit)		7.026	293	156.644	(76.320)	(104.831)	(104.831)	(76.320)	(76.320)	(76.320)
Appropriations to Reserves										
Transfers from Reserves					243.692		244.052	218.314	103.609	79.023
Depreciation offsets										
Other adjustments		320	61.124	(49.437)						
Accumulated Surplus/(Deficit)	1	2.336.810	2.644.106	2.751.314	3.178.786	2.844.822	2.890.535	3.032.530	3.059.819	3.062.522
<u>Reserves</u>										
Housing Development Fund										
Capital replacement										
Self-insurance										
Other reserves										
Revaluation										
Total Reserves	2	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	2.336.810	2.644.106	2.751.314	3.178.786	2.844.822	2.890.535	3.032.530	3.059.819	3.062.522

Resolutions

1. The Council of Merafong City Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) resolve that:
 - 1.1. The annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position
 - 1.2.2. Budgeted Cash Flows
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation
 - 1.2.4. Asset management
 - 1.2.5. Basic Service Delivery measurements.
2. The Council of Merafong City Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) resolves that with effect from 1 July 2014:
 - 2.1. the tariffs for property rates – Detailed below
 - 2.2. the tariffs for electricity – Detailed below
 - 2.3. the tariffs for the supply of water – Detailed below
 - 2.4. the tariffs for sanitation services – Detailed below
 - 2.5. the tariffs for solid waste services – Detailed below

3. The Council of Merafong City Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) resolve that with affect from 1 July 2014 the tariffs for other services, as contained in the Tariff Policy
4. To give proper effect to the municipality's annual budget, the Council of Merafong City Local Municipality considers:
 - 4.1. That the deficit which is as of a result of depreciation costs on fair value adjustments on infrastructure assets be funded from the accumulated surplus of R2.3 billion.
 - 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2014/15 financial year limited to an amount of R55.9 million for 2014/2015, R35 Million for 2015/2016 and R20 Million for 2016/2017, per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.
 - 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.
5. That the annual Operating Revenue budget of R1 170 174 and Operating Expenditure budget of R1 246 494 including Operational Transfers and excluding capital transfers for the 2014/2015 Financial Year be approved, which will result in a deficit of R76 320 000. That the deficit be funded from accumulated surplus.
6. That the annual Capital Budget of R294.679 Million Including capital transfers for the 2014/2015 Financial Year be approved.
7. That the following be approved in respect of Assessment Rates and the charge to be as follows:
 - a) The property rates are to be levied in accordance with Council policies, unless otherwise indicated, and the Local Government Municipal Property Rates Act 2004 and the Local Government Municipal Finance Management Act 2003.
 - b) Property rates are based on values indicated in the new General Valuation Roll. The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. All values are as at the date of the roll, being July 2012.
 - c) Rebates and concessions are granted to certain categories of property usage or property owner.
 - d) The definitions and listing of categories are reflected in the Rates Policy.
 - e) Industrial / Commercial Properties – Undeveloped Land

All properties other than those defined below as residential will be rated as “non-residential” properties. This includes all undeveloped land. The cent-in-the-rand for all “non-residential” properties for 2014 / 2015 is proposed to be R 0, 027221.

f) Residential Properties

For all residential properties, as defined per the Rates Policy, the first R 65 000 of property value will be rebated by an amount equal to the rates payable on a property of R 65 000 in value.

All residential properties, as defined per the Rates Policy, will be levied a rate which is rebated by 10%. The cent in the rand for 2014 / 2015 is proposed to be R 0, 011342c

g) Agricultural Properties

Agricultural properties (including farms and small holdings) fall into three categories:

- (a) Those used for residential purposes;
- (b) Those used for industrial purposes;
- (c) Those used for other businesses and commercial purposes

Properties in rural areas deemed to be small holdings or farms that are not used for *bona fide* farming, but are used as residential properties will be categorized as “residential”, provided that they meet the definition of a residential property as described in the Rates Policy. Such properties will qualify for the rebate of the first R 65 000 of municipal value as per the General Valuation Roll and the “rebated” cent-in-the-rand. The cent-in-the-rand for agricultural properties or small holdings that qualify for residential status is proposed to be R 0, 01132c

Properties in rural areas deemed to be small holdings or farms that are not used for *bona fide* farming, but are used for industrial or business purposes will be categorized as “business”. The cent-in-the-rand for agricultural properties or small holdings that qualify for business status is proposed to be R 0, 027221c

Properties in rural areas deemed to be small holdings or farms that are used for *bona fide* farming, will be categorized as “agricultural. The cent-in-the-rand for agricultural properties or small holdings that qualify for agricultural status is proposed to be R 0, 002836c

h) Public Service Infrastructure

In terms of the Municipal Property Rates Act, Council may not levy rates on the first 30% of the market value of Public Service Infrastructure. The remainder of the market value is rated at the non-residential cent-in-the-rand of R 0, 027221c

i) Mines

All Mine properties, as defined per the Rates Policy, will be levied a rate. The cent in the rand for 2014 / 2015 is proposed to be R 0, 034027c

j) Senior Citizens and Disabled Persons Rate Rebate

Registered owners of properties who are senior citizens and/or registered owners of properties who are disabled persons qualify for special rebates according to gross monthly household income. To qualify for the rebate(s) a property owner must be a natural person and the owner of a property which satisfies the requirements for the residential rebate and must on the 1 July of the financial year:

- I. occupy the property as his/her normal residence and
- II. be at least 60 years of age or in receipt of a disability pension from the Department of Social Development and
- III. be in receipt of a total monthly income from all sources (including income of spouses of owners)
- IV. not be the owner of more than one property and
- V. submit the application by 30 September for this rebate for the current financial year, failing which the rebate will not be granted.

The percentage rebate granted to different monthly household income levels will be determined according to the schedule below.

The proposed incomes and rebates for the 2014 / 2015 financial year as follows:

Gross Annual Household Income 2014/2015	% Rebate
R 1 To R 72 000	100%
R 72 001 to R 76 000	75%
R 76 001 to R 80 000	50%
R 80 001 to R 84 000	25%
R 84 001 and above	0%

k) Rebates for Certain Categories of Properties / Property Users

The categories of properties qualifying for exemption and rebates are as per the Rates Policy.

- l) The Budget for 2014 / 2015 has been balanced using the estimated income from levying the rates proposed in this report.
- m) Provision has been made in the Budget for 2014 / 2015 for the income forgone arising from the rebates and concessions proposed in this report as detailed in the Draft Rates Policy.

- n) that in terms of Section 26(1) of the Municipal Property Rates Act, the payment of any amount owed emanating from the levy of rates as determined on 1 July 2014 is payable before or on 7 August 2013 and thereafter monthly before or on the date due as determined in (i) below: with the provision that the date(s) for payment of assessment rates with regard to owners mentioned in (ii) below shall be determined as follows:

As regards one half, on 7 October 2014

as regards the balance, on 7 April 2015;

- (i) that the payment shall be as follows:

Other:

7 August 2014

8 September 2014

7 October 2014

7 November 2014

8 December 2014

7 January 2015

9 February 2015

9 March 2015

7 April 2015

7 May 2015

8 June 2015

7 July 2015

Pensioners:

15 August 2014

15 September 2014

15 October 2014

17 November 2014

15 December 2014

15 January 2015

16 February 2015

16 March 2015

15 April 2015

15 May 2015

15 June 2015

15 July 2015

- (ii) that the following Mines as well as the responsible state institution may pay in accordance with (n) :

Mines

Blyvooruitzicht

Deelkraal

Doornfontein

State Institutions

Gauteng Government

Dept. Justice

S.A. Police Services

Elandsrand

Dept. of Land

Driefontein

Dept. Community Development

Western Deep Levels

- 8 that interest be levied at the rate as determined from time to time by the Premier in terms of Section 50(A) of the Local Government Ordinance, 1939, (Ordinance 17 of 1939) which has been determined at prime rate with effect from 1 December 1997 by the Department of Finance on all arrear charges, rates and levies from the day following the due dates as determined in (ii) (d) and (ii) (e) above;
- 9 That the following electricity tariffs be approved in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Electricity of the Merafong City Local Municipality, provided that the tariffs are approved by the National Electricity Regulator.

Proposed Tariff Structure - Merafong City Local Municipality				
Tariff Category		2013/2014	Proposed 2014/2015	% change
1. Domestic				
Basic Charge		52.09	56.26	8.00%
Energy Charge	Block 1 (0 - 50kWh)	0.70	0.74	5.71%
	Block 2 (51 - 350kWh)	0.85	0.91	7.45%
	Block 3 (351 - 600kWh)	1.17	1.26	7.69%
	Block 4 (above 600kWh)	1.38	1.48	7.25%
2. Commercial				
Basic Charge		598.36	642.58	7.39%

Energy Charge		1.11	1.20	8.00%
*Pre-Paid		1.11	1.20	8.00%
3. Industrial				
Basic Charge		857.84	921.23	7.39%
Energy Charge		0.62	0.67	8.00%
Demand Charge		171.55	185.27	8.00%
3. Industrial -3%				
Basic Charge		857.84	921.23	7.39%
Energy Charge - 3 %		0.62	0.67	8.00%
Demand Charge - 3%		171.55	184.23	7.39%
Temporary Power		1.20	1.30	8.00%
Streetlights		0.91	0.98	8.00%
Council kWh		0.59	0.64	8.00%
2% Surcharge				

10. that the following Water Tariff be approved and the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Water of the Merafong City Local Municipality.

		<u>2013-2014</u>	<u>2014-2015</u>	<u>Percentage increase</u>
Residential 0 – 15 kilo litres		7.45	8.00	7.38%
Residential 16-35 kilo litres		10.06	10.90	8.36%
Residential 36-50 kilo litres		14.48	15.80	9.15%
Residential 50 kilo litres and above		16.49	18.00	9.13%
Business and Industrial	200 Kilo litres and below	16.32	17.65	8.18%
	Above 200 Kilo litres	17.32	19.00	9.70%
Special Consumers (Schools, Churches and welfare organisations)	200 Kilo litres and below	12.33	13.35	8.29%
	Above 200 Kilo litres	13.71	15.00	9.44%
Departmental		10.72	11.77	9.82%
Mines Domestic		10.72	11.59	8.10%
Mines Operations		10.72	11.59	8.10%

Availability Charge	Vacant Stands - Residential	40.00	45.00	12.50%
Availability Charge	Vacant stands-business	20.00	45.00	125.00%

- 11 that the following Refuse Removal Tariff be approved and the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Cleaning Services of the Merafong City Local Municipality:

CLEANSING: (PLUS V.A.T.):

		<u>Proposed 2013/2014</u>	<u>Proposed 2014/2015</u>	<u>% Increase</u>
Residential and Business	1 bin/week	90.00	120.00	33.33%
Business	Bin/3 x week	270.00	310.00	14.81%
Business	Bin/5 x week	450.00	520.00	15.56%
MMH (1.75M³) 1x per week		1348.00	1500.00	11.28%
MMH (1.75M³) 2x per week		2385.00	2600.00	9.01%
MMH (1.75M³) 3x per week		3406.00	3700.00	8.63%
MMH (1.75M³) 5x per week		6132.00	6700.00	9.26%
Bulk container (30M³) 1x per week		19568.00	21200.00	8.34%
Bulk container (30M³) 2x per week		29880.00	32300.00	8.10%
Bulk container (30M³) 3x per week		53900.00	58300.00	8.16%
Bulk container (30M³) 5x per week		87881.00	95000.00	8.10%
Temporary service	Per Bin	48.00	55.00	14.58%
Bulky waste	Per m³	240.00	260.00	8.33%
Special Exemption	Per m³	120.00	130.00	8.33%
Garden services waste	LDV/Trailer	30.00	35.00	16.67%
Small Animal Carcasses		90.00	100.00	11.11%

Bulky garden waste	1m ³ - 3m ³	228.00	250.00	9.65%
Bulky garden waste	3m ³ and above	456.00	500.00	9.65%
Building rubble	per m ³	240.00	260.00	8.33%
240 Litre Bins	Per Month for twelve months	20.00	20.00	0.00%

- 12 And that the following Sewerage Tariff be approved and that the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Drainage Services of the Merafong City Local Municipality:

		<u>2013/2014</u>	<u>Proposed 2014/2015</u>	<u>% Increase</u>
Residential 0 – 15 kilolitres		3.80	4.05	7.04%
Residential 16-35 kilolitres		3.85	4.10	6.94%
Residential 36-50 kilolitres		3.90	4.15	6.85%
Max 50KL				
Business and Industrial	200 Kilolitres and below	3.90	4.15	6.85%
	Above 200 Kilolitres	4.30	4.60	6.97%
Special Consumers (Schools, Churches Welfare organisations and consumers as approved by council)	200 Kilolitres and below	3.80	4.05	7.04%
	Above 200 Kilolitres	3.90	4.15	6.85%
Basic Charge (Payable by property owner)		21.50	23.00	7.50%

Basic Charge - Vacant Stands (Availability charge		47.75	51.00	6.11%
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- 13 That Council approves the amendments to the Tariff Policy.
- 14 That Council approves the amendments to the Rating Policy.
- 15 That Council approves the amendments to the budget related policies of Council.
- 16 That council approves the miscellaneous tariffs as included in the tariff policy and that the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000).

2.14 Municipal manager's quality certificate

I, Municipal Manager of Merafong City Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Merafong City Local Municipality (GT484)

Signature _____

Date _____